
SENATE 2002 SUPPLEMENTAL STATEWIDE SUMMARY & AGENCY DETAIL

SENATE FLOOR



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SENATE WAYS AND MEANS COMMITTEE
MARCH 9, 2002

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2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Legislative	-14.0	-1,990	-1,859
Judicial	-5.0	2,048	-714
Governmental Operations	-25.6	-8,429	-56,728
Other Human Services	83.6	2,138	101,981
DSHS	-374.0	-36,273	-31,697
Natural Resources	-237.0	-42,191	-29,693
Transportation	17.5	-556	1,090
Public Schools	-12.7	-48,845	-25,563
Higher Education	-867.2	-96,048	-64,437
Other Education	-7.6	-644	-560
Special Appropriations	0.0	-92,137	-98,514
Total Budget Bill	-1,442.0	-322,927	-206,694
Appropriations in Other Legislation	0.0	35	35
Statewide Total	-1,442.0	-322,892	-206,659

Note: Includes 235.8 FTEs added at Maintenance Level.

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Legislative			
House of Representatives	-6.0	-810	-810
Senate	-6.0	-624	-624
Jt Leg Audit & Review Committee	0.0	-215	-215
LEAP Committee	0.0	-44	-44
Office of the State Actuary	0.0	0	131
Joint Legislative Systems Comm	-1.0	-182	-182
Statute Law Committee	-1.0	-115	-115
Total Legislative	-14.0	-1,990	-1,859
Judicial			
Supreme Court	-1.0	62	62
State Law Library	0.0	-59	-59
Court of Appeals	-2.0	19	19
Commission on Judicial Conduct	0.0	-29	-29
Office of Administrator for Courts	-2.0	1,655	-728
Office of Public Defense	0.0	400	21
Total Judicial	-5.0	2,048	-714
Total Legislative/Judicial	-19.0	58	-2,573

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Governmental Operations			
Office of the Governor	-2.6	-277	-459
Public Disclosure Commission	0.0	-72	-72
Office of the Secretary of State	-6.0	-2,694	501
Asian-Pacific-American Affrs	-0.7	-32	-32
Office of the State Treasurer	-1.0	0	-194
Office of the State Auditor	-2.0	0	-193
Office of the Attorney General	-13.1	-797	-65
Caseload Forecast Council	0.0	-19	-19
Dept of Financial Institutions	4.9	0	1,182
Dept Community, Trade, Econ Dev	-11.7	-9,458	-4,781
Economic & Revenue Forecast Council	0.0	-15	-15
Office of Financial Management	12.8	-409	1,038
Office of Administrative Hearings	-4.0	0	456
Department of Personnel	-6.5	0	-508
State Lottery Commission	-4.5	0	49,158
Washington State Gambling Comm	-6.0	0	-450
WA State Comm on Hispanic Affairs	-1.0	-24	-24
African-American Affairs Comm	-0.7	-2	-2
Personnel Appeals Board	0.0	0	26
Department of Retirement Systems	-6.5	0	582
State Investment Board	-2.0	0	585
Department of Revenue	61.0	5,701	5,701
Board of Tax Appeals	-0.3	-52	-52
Dept of General Administration	-22.8	44	-2,036
Department of Information Services	0.0	0	-96
Office of Insurance Commissioner	0.0	0	875
Washington Horse Racing Commission	-0.9	0	-68
WA State Liquor Control Board	-4.0	-45	2,341
Utilities and Transportation Comm	-4.0	0	-406
Military Department	0.0	-449	-109,293
Public Employment Relations Comm	1.0	246	246
Growth Management Hearings Board	-1.0	-75	-75
State Convention and Trade Center	-4.0	0	-579
Total Governmental Operations	-25.6	-8,429	-56,728

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Other Human Services			
WA State Health Care Authority	23.6	-3,654	40,834
Human Rights Commission	-1.0	-81	-81
Bd of Industrial Insurance Appeals	4.5	0	187
Criminal Justice Training Comm	-2.0	0	-434
Department of Labor and Industries	10.3	-4,326	2,358
Indeterminate Sentence Review Board	0.0	-30	-30
Home Care Quality Authority	3.1	152	152
Department of Health	6.1	-17,107	25,090
Department of Veterans' Affairs	-18.1	-263	-4,311
Department of Corrections	56.5	27,553	24,329
Dept of Services for the Blind	0.0	-81	1,422
Sentencing Guidelines Commission	0.0	-25	-25
Department of Employment Security	0.6	0	12,490
Total Other Human Services	83.6	2,138	101,981

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
DSHS			
Children and Family Services	-51.5	-9,097	-11,755
Juvenile Rehabilitation	-133.3	-8,365	-10,306
Mental Health	-74.1	-18,374	18,935
Developmental Disabilities	-82.7	12,583	22,469
Long-Term Care	12.6	-39,104	-58,195
Economic Services Administration	-1.8	-8,415	-3,169
Alcohol & Substance Abuse	0.0	-3,512	-4,802
Medical Assistance Payments	0.0	45,555	27,600
Vocational Rehabilitation	0.0	-569	-2,072
Administration/Support Svcs	-39.2	-6,975	-10,402
Information System Services	-4.0	0	0
Total DSHS	-374.0	-36,273	-31,697
 Total Human Services	 -290.4	 -34,135	 70,284

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Natural Resources			
Columbia River Gorge Commission	0.0	-12	-12
Department of Ecology	-68.8	-17,578	-8,503
State Parks and Recreation Comm	-44.0	-3,164	-2,746
Interagency Comm for Outdoor Rec	0.0	-451	49
Environmental Hearings Office	0.0	-25	-25
State Conservation Commission	-1.0	-131	-1,772
Dept of Fish and Wildlife	-90.0	-12,268	-11,020
Department of Natural Resources	-31.6	-7,622	-7,707
Department of Agriculture	-1.6	-940	2,043
Total Natural Resources	-237.0	-42,191	-29,693

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
<hr/>			
Transportation			
Washington State Patrol	17.5	-456	1,348
Department of Licensing	0.0	-100	-258
Total Transportation	17.5	-556	1,090

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Public Schools			
OSPI & Statewide Programs	-5.9	-15,823	-113,152
General Apportionment	0.0	-11,620	-11,620
Pupil Transportation	0.0	-1,796	-1,796
Special Education	0.0	-11,050	-10,735
Traffic Safety Education	0.0	308	308
Educational Service Districts	0.0	-218	-218
Levy Equalization	0.0	9,032	9,032
Elementary/Secondary School Improv	0.0	0	-86,429
Institutional Education	0.0	-623	-623
Ed of Highly Capable Students	0.0	-176	-176
Student Achievement Program	0.0	0	-2,151
Education Reform	-6.8	-13,242	44,596
Transitional Bilingual Instruction	0.0	-1,041	19,239
Learning Assistance Program (LAP)	0.0	-3,668	126,963
Block Grants	0.0	-13,827	-13,827
State Flexible Education Funds	0.0	34,436	34,436
Compensation Adjustments	0.0	-19,537	-19,346
Common School Construction	0.0	0	-64
Total Public Schools	-12.7	-48,845	-25,563

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Higher Education			
Higher Education Coordinating Board	-0.3	553	553
University of Washington	-272.4	-37,999	-29,796
Washington State University	-132.7	-19,533	-13,802
Eastern Washington University	-31.8	-4,079	-3,007
Central Washington University	-22.9	-3,698	-2,701
The Evergreen State College	-16.6	-2,327	-1,514
Spokane Intercoll Rsch & Tech Inst	-0.4	-49	-49
Western Washington University	-40.2	-5,396	-3,983
Community/Technical College System	-349.9	-23,520	-10,138
Total Higher Education	-867.2	-96,048	-64,437
Other Education			
State School for the Blind	1.0	-92	-11
State School for the Deaf	-1.0	25	25
Work Force Trng & Educ Coord Board	-0.1	-87	-87
State Library	-4.0	-264	-264
Washington State Arts Commission	-0.5	-86	-83
Washington State Historical Society	-2.0	-94	-94
East Wash State Historical Society	-1.0	-46	-46
Total Other Education	-7.6	-644	-560
Total Education	-887.5	-145,537	-90,560

2002 Supplemental Budget

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
Special Appropriations			
Bond Retirement and Interest	0.0	-2,000	2,786
Special Approps to the Governor	0.0	-49,680	-13,193
Sundry Claims	0.0	274	279
State Employee Compensation Adjust	0.0	-40,156	-87,811
Contributions to Retirement Systems	0.0	-575	-575
Total Budget Bill	0.0	-92,137	-98,514
Appropriations in Other Legislation	0.0	35	35
Total Special Appropriations	0.0	-92,102	-98,479

2001-03 Revised Omnibus Operating Budget (2002 Supp)
House of Representatives
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	383.5	56,810	56,855
2002 Policy Changes:			
1. Efficiencies & Savings	-6.0	-810	-810
Total Policy Changes	-6.0	-810	-810
2001-03 Revised Appropriations	377.5	56,000	56,045

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Senate**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	316.2	46,862	46,907
2002 Policy Changes:			
1. Efficiencies & Savings	-6.0	-624	-624
Total Policy Changes	-6.0	-624	-624
2001-03 Revised Appropriations	310.2	46,238	46,283

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Jt Leg Audit & Review Committee
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	18.0	4,374	4,374
2002 Policy Changes:			
1. Efficiencies & Savings	0.0	-45	-45
2. Developmental Disabilities Studies	0.0	-170	-170
Total Policy Changes	0.0	-215	-215
2001-03 Revised Appropriations	18.0	4,159	4,159

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2. Developmental Disabilities Studies - Funding for the existing studies of the developmental Disabilities program (caseworker staffing and high school transition) is reduced and a portion of the funds are shifted to FY 2003 to address additional questions and analysis.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**LEAP Committee**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	15.0	2,791	2,994
2002 Policy Changes:			
1. Efficiencies & Savings	0.0	-44	-44
Total Policy Changes	0.0	-44	-44
2001-03 Revised Appropriations	15.0	2,747	2,950

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of the State Actuary**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	10.5	0	1,923
2002 Policy Changes:			
1. Senior Research Analyst	0.0	0	160
2. Efficiencies and Savings	0.0	0	-29
Total Policy Changes	0.0	0	131
2001-03 Revised Appropriations	10.5	0	2,054

Comments:

1. Senior Research Analyst - Funding is provided to support the addition of a Senior Research Analyst in the 2001-2003 budget. (Department of Retirement Systems Expense Account)

2. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Department of Retirement Systems Expense Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Joint Legislative Systems Comm
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	49.0	13,464	15,170
2002 Policy Changes:			
1. Efficiencies & Savings	-1.0	-182	-182
Total Policy Changes	-1.0	-182	-182
2001-03 Revised Appropriations	48.0	13,282	14,988

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Statute Law Committee
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	54.0	7,947	10,186
2002 Policy Changes:			
1. Efficiencies & Savings	-1.0	-115	-115
Total Policy Changes	-1.0	-115	-115
2001-03 Revised Appropriations	53.0	7,832	10,071

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Supreme Court**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	64.3	10,933	10,933
2002 Policy Changes:			
1. Supreme Court Justice Salary Incr	0.0	219	219
2. Efficiencies & Savings	-1.0	-157	-157
Total Policy Changes	-1.0	62	62
2001-03 Revised Appropriations	63.3	10,995	10,995

Comments:

1. Supreme Court Justice Salary Incr - Funding is provided for salary increases awarded to the justices by the Citizens' Commission on Salaries for Elected Officials. The Commission awarded increases of 2.3 percent per year on September 1, 2001 and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001.

2. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**State Law Library**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	15.0	3,965	3,965
2002 Policy Changes:			
1. Efficiencies & Savings	0.0	-59	-59
Total Policy Changes	0.0	-59	-59
2001-03 Revised Appropriations	15.0	3,906	3,906

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Court of Appeals**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	149.8	25,624	25,624
2002 Policy Changes:			
1. Judges Salary Increase	0.0	380	380
2. Efficiencies & Savings	-2.0	-361	-361
Total Policy Changes	-2.0	19	19
2001-03 Revised Appropriations	147.8	25,643	25,643

Comments:

1. Judges Salary Increase - Funding is provided for salary increases awarded to the judges of the Court of Appeals by the Citizens' Commission on Salaries for Elected Officials. The Commission awarded increases of 2.3 percent per year on September 1, 2001 and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001.

2. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Commission on Judicial Conduct
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	9.7	1,924	1,924
2002 Policy Changes:			
1. Efficiencies & Savings	<u>0.0</u>	<u>-29</u>	<u>-29</u>
Total Policy Changes	0.0	-29	-29
2001-03 Revised Appropriations	9.7	1,895	1,895

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Office of Administrator for Courts
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	359.0	28,633	86,025
Total Maintenance Changes	0.0	0	12
2002 Policy Changes:			
1. Superior Court Salary Increase	0.0	1,655	1,655
2. PSEA Reduction	-2.0	0	-777
3. Eliminate Juror Rate Increase	0.0	0	-1,618
Total Policy Changes	-2.0	1,655	-740
2001-03 Revised Appropriations	357.0	30,288	85,297

Comments:

1. Superior Court Salary Increase - Funding is provided for salary increases awarded to the judges of the Superior Court by the Citizens' Commission on Salaries for Elected Officials. The Commission awarded increases of 2.3 percent per year on September 1, 2001 and September 1, 2002. Additionally, besides the percentage salary increases, the Commission approved a \$5,000 increase for each member of the judiciary on September 1, 2001.

2. PSEA Reduction - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

3. Eliminate Juror Rate Increase - In the original 2001-03 biennial budget, FY 2003 funding from the Public Safety and Education Account (PSEA) was provided to increase juror compensation from \$10 per day to \$25 per day, beginning on the second day of juror service. Due to a revenue shortfall in PSEA, funding for the increase is eliminated. (Public Safety and Education Account-State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of Public Defense**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	5.5	600	13,226
2002 Policy Changes:			
1. PSEA Reduction	0.0	0	-350
2. Vendor Rate Change	0.0	0	-29
3. Dependency and Termination Pilot	0.0	400	400
Total Policy Changes	0.0	400	21
2001-03 Revised Appropriations	5.5	1,000	13,247

Comments:

1. PSEA Reduction - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2. Vendor Rate Change - Attorneys that handle indigent appellate cases will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (Public Safety and Education Account-State)

3. Dependency and Termination Pilot - Funding is provided to continue a dependency and termination case pilot program in Benton, Franklin and Pierce counties through February 2003. The pilot is designed to improve parents representation in dependency and termination cases. By November 15, 2002, the Office of Public Defense will prepare an updated final evaluation of the pilot program.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of the Governor**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	69.8	9,061	13,188
2002 Policy Changes:			
1. Efficiencies and Savings	-3.6	-257	-439
2. Salmon Recovery Office	-5.0	-600	-600
3. Permit Assistance Center #	6.0	580	580
Total Policy Changes	-2.6	-277	-459
2001-03 Revised Appropriations	67.2	8,784	12,729

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (General Fund--State, Water Quality Account)

2. Salmon Recovery Office - Funding for the Governor's Salmon Recovery Office is eliminated. (General Fund--State)

3. Permit Assistance Center # - The Permit Assistance Center is transferred from the Department of Ecology under E2SHB 2671. (General Fund--State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Disclosure Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	25.7	3,813	3,813
2002 Policy Changes:			
1. Efficiencies and Savings	<u>0.0</u>	<u>-72</u>	<u>-72</u>
Total Policy Changes	0.0	-72	-72
2001-03 Revised Appropriations	25.7	3,741	3,741

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of the Secretary of State**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	177.0	19,220	34,561
Total Maintenance Changes	0.0	0	-46
2002 Policy Changes:			
1. Corporations Fund Shift	0.0	-2,000	0
2. Efficiencies and Savings	-5.0	-336	-417
3. Revolving Fund Reductions	-1.0	0	-195
4. Blanket Primary Litigation Costs	0.0	212	212
5. Elections Savings and Efficiencies	0.0	-570	-570
6. Archives Security Microfilm Project	0.0	0	586
7. Microfilm Imaging	0.0	0	768
8. Training & Grants	0.0	0	163
Total Policy Changes	-6.0	-2,694	547
2001-03 Revised Appropriations	171.0	16,526	35,062

Comments:

1. Corporations Fund Shift - Sufficient fund balance is available in the Secretary of State's Revolving Account to permit a one-time shift of Corporations Division expenditures from General Fund-State. (General Fund-State, Secretary of State's Revolving Account-Nonappropriated)

2. Efficiencies and Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (General Fund--State, Archives & Records Management Account--State)

3. Revolving Fund Reductions - State programs that provide services to other state agencies, and are reimbursed through revolving fund charges, are expected to reduce costs to achieve an on-going five percent reduction in expenditures. For the Office of the Secretary of State, state archives and Productivity Board activities will be affected by this reduction. (Archives and Records Management Account-State, Department of Personnel Service Account-State)

4. Blanket Primary Litigation Costs - This one-time item allows the Office of the Secretary of State to pay extraordinary costs for Attorney General services to defend the blanket primary system under RCW 29.18.200.

5. Elections Savings and Efficiencies - The Secretary of State is responsible for reimbursing local governments for the state's share of odd-year election costs. One-time savings for Fiscal Year 2002 are made possible due to a lower proportion of state offices and issues included on the November 2001 ballot. In addition, efficiencies in other agency activities allow the Secretary of State to provide a one-time reduction in expenditures.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Office of the Secretary of State

6. Archives Security Microfilm Project - State law authorizes the state archivist to microfilm and safeguard copies of essential records necessary for re-establishing government services after a disaster. Emergency restoration began during the 1999-01 Biennium for essential local government microfilm records which are deteriorating due to ongoing chemical reactions. One-time funding is provided to complete the local government microfilm preservation project. (Archives and Records Management Account-Private/Local)

7. Microfilm Imaging - The Secretary of State is required by state law to operate a bureau to microfilm, at cost, key records of state and local government. Demand for microfilm services is higher than anticipated, and the agency will exhaust its appropriation authority for this function before the end of the 2001-03 Biennium. A one-time increase in funding derived from user fees allows the Office of the Secretary of State to meet the increased demand. (Archives and Records Management Account-State)

8. Training & Grants - Legislation passed during the 2001 session (Chapter 13, Laws of 2001, 2nd extraordinary session) directs the Archives Division to provide records management training and grants for local governments. On-going funding is provided for these new services. (Archives and Records Management Account-Private/Local)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Asian-Pacific-American Affrs
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	3.0	466	466
2002 Policy Changes:			
1. Co-locate and Consolidate Administr	-0.7	-32	-32
Total Policy Changes	-0.7	-32	-32
2001-03 Revised Appropriations	2.3	434	434

Comments:

1. Co-locate and Consolidate Administr - Funding is provided for the administrative consolidation and co-location of the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Commission on Asian Pacific American Affairs in one office building. In addition, there will be staff and other savings resulting from shared administrative services.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of the State Treasurer**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	74.5	0	12,870
2002 Policy Changes:			
1. Efficiencies & Savings	-1.0	0	-194
Total Policy Changes	-1.0	0	-194
2001-03 Revised Appropriations	73.5	0	12,676

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Treasurer's Service Account--State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of the State Auditor**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	319.7	1,802	44,940
2002 Policy Changes:			
1. Efficiencies & Savings	-2.0	0	-193
Total Policy Changes	-2.0	0	-193
2001-03 Revised Appropriations	317.7	1,802	44,747

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Auditing Services Revolving Fund--State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of the Attorney General**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,098.6	9,617	164,806
2002 Policy Changes:			
1. Public Safety and Education Account	-1.0	0	-50
2. Sexual Violent Predator Prosecution	0.0	0	0
3. Blanket Primary Litigation	0.0	0	183
4. United States vs. WA (Culverts)	0.0	0	885
5. Cockle Decision	3.9	0	642
6. Consumer Protection Costs	0.0	-682	0
7. Efficiencies & Savings	-16.0	-202	-1,812
8. Water Rights Study	0.0	87	87
Total Policy Changes	-13.1	-797	-65
2001-03 Revised Appropriations	1,085.5	8,820	164,741

Comments:

1. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2. Sexual Violent Predator Prosecution - The Special Commitment Center reimburses counties and the Attorney General Office on behalf of the counties to cover costs of civil commitment proceedings involving sexually violent predators (SVP). 50 percent of such reimbursements will be discontinued effective September 1, 2002. It is assumed that the Special Commitment Center, the Office of Financial Management, the Attorney General's Office, and counties will develop an agreement for SVP civil commitment actions. (General Fund-Private/Local, Legal Services Revolving Account)

3. Blanket Primary Litigation - In July 2000, political parties in Washington State filed suit in federal court against the Secretary of State, alleging the blanket primary statutes are unconstitutional. The court has ordered a broad factual and legal record, and has set the case for trial in March 2002. Legal services including attorney time and expert witnesses are necessary to defend the Secretary of State. (Legal Services Revolving Account)

4. United States vs. WA (Culverts) - In United States v. Washington State (Culverts), the court has framed the issue as whether the state is "affirmatively diminishing the number of fish available for harvest" by "build[ing] and manag[ing] its roadway culverts in a fashion that impermissibly blocks the passage of fish destined for the Tribes' usual and accustomed fishing grounds." Trial is anticipated to be in June 2003. Agencies involved in the case include the departments of Transportation, Natural Resources, Fish and Wildlife, Ecology, and the Washington State Parks and Recreation Commission. (Legal Services Revolving Account)

5. Cockle Decision - The Washington Supreme Court ruled in January 2001 that the value of employer provided health care benefits must be included in the calculation of an injured worker's Industrial Insurance time loss compensation benefits (Cockle vs. Department of Labor and Industries). The Department of Labor and Industries anticipates approximately 500 more appeals each year. (Legal Services Revolving Account)

6. Consumer Protection Costs - Twenty percent of the FY 2003 costs of the consumer protection activities of the Attorney General's Office shall be paid from the Anti-Trust Revolving Account.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Office of the Attorney General

7. Efficiencies & Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (General Fund--State, Legal Services Revolving Account--State, Anti-Trust Revolving Account)

8. Water Rights Study - One-time funding is provided for a report to the Legislature on federal and Indian reserved water rights. (General Fund--State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Caseload Forecast Council
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	7.0	1,250	1,250
2002 Policy Changes:			
1. Efficiencies and Savings	<u>0.0</u>	<u>-19</u>	<u>-19</u>
Total Policy Changes	0.0	-19	-19
2001-03 Revised Appropriations	7.0	1,231	1,231

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Financial Institutions
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	141.3	0	23,776
2002 Policy Changes:			
1. Job Class Realignment	0.0	0	973
2. Regulating Money Transfers	6.9	0	566
3. Efficiencies and Savings	-2.0	0	-357
Total Policy Changes	4.9	0	1,182
2001-03 Revised Appropriations	146.2	0	24,958

Comments:

1. Job Class Realignment - Funding is provided for the Department of Financial Institutions (DFI) to realign three of its job classes as approved by the Personnel Resources Board. The job class realignment is designed to provide flexibility in the financial services examination process, facilitate the use of legal staff in all program areas, and make salaries more competitive in critical professional classes in order to recruit and retain staff. (Financial Services Regulation Account-Nonappropriated)

2. Regulating Money Transfers - Funding is provided for the Department of Financial Institutions to conduct a rule making process and establish a program for licensure and regulation of money transmitters and currency exchangers as provided in SSB 6414. (Financial Services Regulation Account-Nonappropriated)

3. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Financial Services Regulation Account-Nonappropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Dept Community, Trade, Econ Dev**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	333.5	141,957	357,893
Total Maintenance Changes	0.0	0	-197
2002 Policy Changes:			
1. Public Safety and Education Account	0.0	0	-286
2. Salmon Recovery Fund Reallocation	0.0	-1,500	0
3. Building Code Council Fee Increase	2.0	0	165
4. Mobile Home Relocation Funding	0.3	0	129
5. Senior Games	0.0	-23	-23
6. Archaeology Month	0.0	-15	-15
7. Growth Management Conferences	0.0	-15	-15
8. Local Government AG Costs	0.0	-51	-51
9. Walla Walla Community Connections	0.0	-75	-75
10. Buildable Lands	0.0	-1,251	-1,251
11. Early Childhood Education (ECEAP)	-1.0	-838	-838
12. Director's Office Special Projects	0.0	-10	-10
13. Special Trade Representative	0.0	-40	-40
14. Energy Policy Division Reduction	0.0	-42	-42
15. Community Empowerment Zones	-0.5	-45	-45
16. Washington State Int'l Trade Fair	0.0	-35	-35
17. CERB Position	-1.0	-56	-56
18. Tourism Office Reduction	-2.0	-320	-320
19. Washington Technology Center	0.0	-93	-93
20. Civil Indigent Legal Representation	0.0	0	1,500
21. Emergency Shelter Program	0.0	-1,868	0
22. Violence Red./Drug Enforce Account	0.0	0	-122
23. CTED Efficiencies and Reductions	-1.0	-78	-78
24. Overnight Youth Shelters	0.0	-120	0
25. Artistic Organization Support	0.0	300	300
26. Energy Strategy Report	0.0	15	15
27. Mobile Home Park Manager Training	0.0	35	35
28. Community-Based Services Task Force	0.0	40	40
29. OTED Efficiencies and Savings	-2.5	-504	-504
30. Tourism Marketing Activities	0.0	-1,000	-1,000
31. OCD Efficiencies and Savings	-6.0	-1,641	-1,641
32. Vendor Rate Change	0.0	-209	-209
33. Film and Video Office	0.0	-19	-19
Total Policy Changes	-11.7	-9,458	-4,584
2001-03 Revised Appropriations	321.8	132,499	353,112

Comments:

1. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Dept Community, Trade, Econ Dev

2. Salmon Recovery Fund Reallocation - Funding for Fiscal Year 2003 critical area ordinance updates is shifted from General Fund-State to the Salmon Recovery Account. (General Fund-State, Salmon Recovery Account)

3. Building Code Council Fee Increase - Funding for the State Building Code Council is provided through a fee increase on building permits pursuant to SB 5352. (Building Code Council Account)

4. Mobile Home Relocation Funding - Funding for the Mobile Home Relocation Assistance program is provided through a fee on the title transfer of manufactured homes that are sold within manufactured home parks pursuant to 2SSB 5354. (Mobile Home Park Relocation Account)

5. Senior Games - Funding for the FY 2003 state match for the Washington Senior Games is eliminated.

6. Archaeology Month - General fund-state support for Archaeology Month is eliminated in FY 2003. The Office of Archaeology and Historic Preservation proposes to replace state funds with existing federal and private/local funds.

7. Growth Management Conferences - Funding for FY 2003 Growth Management conferences and related technical assistance workshops is eliminated.

8. Local Government AG Costs - Funding for Growth Management legal costs is reduced by fifty percent beginning for FY 2003. OCD will reduce its involvement in appeals of actions under the Growth Management Act.

9. Walla Walla Community Connections - Funding for the Walla Walla Community Connections program is eliminated in FY 2003.

10. Buildable Lands - Funding to support Buildable Lands grants to local governments is eliminated in FY 2003.

11. Early Childhood Education (ECEAP) - The Early Childhood Education and Assistance Program will reduce its FY 2003 administrative budget by three percent.

12. Director's Office Special Projects - The Office of Trade and Economic Development Director's Office budget for special economic development projects is reduced by 20 percent in FY 2003.

13. Special Trade Representative - The Special Trade Representative position in the Governor's Office is currently funded in the Office of Trade and Economic Development's budget. Beginning in FY 2003, the Department of Agriculture will pay \$40,000 of the cost of the position.

14. Energy Policy Division Reduction - The Energy Policy division will reduce various operating expenditures including training, travel, goods and services, and conference costs.

15. Community Empowerment Zones - Funding to staff the Community Empowerment Zone program is eliminated in FY 2003. The Office of Trade and Economic Development will continue monitoring the program within existing resources.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Dept Community, Trade, Econ Dev

16. Washington State Int'l Trade Fair - Funding is reduced in FY 2002 and FY 2003 for logistical, promotional, and administrative support for businesses attending domestic and international trade fairs promoted by the International Trade Division of OTED and the Department of Agriculture.

17. CERB Position - Funding for an administrative support position for the Community Economic Revitalization Board (CERB) is eliminated.

18. Tourism Office Reduction - The Tourism Office will reduce its fiscal year 2002 and fiscal year 2003 appropriation through the consolidation of the Tourism and the Business Development Offices and the elimination of two FTE staff. Additional savings will be achieved through a reduction in services such as coordination and management of the on-site Tourism Resource Center and tourism development lending library, and technical assistance on tourism and economic development to Tourism Office clients.

19. Washington Technology Center - Funding for the Washington Technology Center is reduced by 3 percent in FY 2003.

20. Civil Indigent Legal Representation - The Governor has recently notified the Department of Community, Trade and Economic Development that funding from the federal Temporary Assistance to Needy Families block grant will no longer be available to support civil indigent legal representation. For this reason, \$1.5 million in funding from the Violence Reduction and Drug Enforcement Account is provided to replace a portion of the reduced federal funding. (Violence Reduction and Drug Enforcement Account)

21. Emergency Shelter Program - Partial funding for the Emergency Shelter Assistance Program in FY 2003 is shifted to the Washington Housing Trust Account pursuant to SHB 2060. (Washington Housing Trust Account)

22. Violence Red./Drug Enforce Account - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

23. CTED Efficiencies and Reductions - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

24. Overnight Youth Shelters - Funding for five licensed overnight youth shelters is shifted to the Washington Housing Trust Account pursuant to SHB 2060. (Washington Housing Trust Account)

25. Artistic Organization Support - Funding is provided in FY 2003 to non-profit organizations for payment of back leasehold excise taxes assessed by the Department of Revenue.

26. Energy Strategy Report - Funding is provided for the Energy Policy Division to include information on electricity generation and capacity, state government energy consumption and progress on aggregate purchasing of clean technologies in the next Energy Strategy Report due to the Governor and the Legislature on December 1, 2002.

27. Mobile Home Park Manager Training - One-time funding is provided for the department to contract with a statewide association representing mobile home park owners to deliver training courses to mobile home park managers as part of a certification process created in SB 5494.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept Community, Trade, Econ Dev

28. Community-Based Services Task Force - One-time funding is provided to implement the Washington State Task Force on Funding for Community-Based Services to Victims of Crime, as provided in SB 6763.

29. OTED Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

30. Tourism Marketing Activities - OTED will reduce funding to local governments for tourism marketing. The Senate budget assumes that local governments will continue to fund tourism marketing activities with revenues from the hotel/motel tax.

31. OCD Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

32. Vendor Rate Change - Funding for the second year vendor rate for ECEAP is reduced to 1.5 percent.

33. Film and Video Office - The FY 2003 appropriation for the Film and Video Office is reduced by 5 percent.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Economic & Revenue Forecast Council
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	5.2	1,026	1,026
2002 Policy Changes:			
1. Efficiencies and Savings	0.0	-15	-15
Total Policy Changes	0.0	-15	-15
2001-03 Revised Appropriations	5.2	1,011	1,011

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Office of Financial Management**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	225.8	24,480	69,226
2002 Policy Changes:			
1. Transfer Risk Management Office #	16.8	0	1,452
2. Efficiencies and Savings	-4.0	-409	-409
3. VRDE Reduction	0.0	0	-5
Total Policy Changes	12.8	-409	1,038
2001-03 Revised Appropriations	238.6	24,071	70,264

Comments:

1. Transfer Risk Management Office # - The Washington State Risk Management Task Force recommends that the Office of Risk Management be transferred from the Department of General Administration to the Office of Financial Management. All of the Office of Risk Management staff, associated functions and programs are transferred with this move. (Risk Management Account--Nonappropriated)

2. Efficiencies and Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

3. VRDE Reduction - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Office of Administrative Hearings
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	139.7	0	21,988
2002 Policy Changes:			
1. Unemployment Insurance Appeals	0.0	0	786
2. Efficiencies and Savings	-4.0	0	-330
Total Policy Changes	-4.0	0	456
2001-03 Revised Appropriations	135.7	0	22,444

Comments:

1. Unemployment Insurance Appeals - Appropriation authority is provided for the costs of increased unemployment insurance appeals. The Office of Administrative Hearings will be reimbursed for the increase with Federal Block Grant money included in the Employment Security Department's budget. (Administrative Hearings Revolving Account)

2. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Administrative Hearings Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Personnel
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	217.6	0	33,693
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-6.5</u>	<u>0</u>	<u>-508</u>
Total Policy Changes	-6.5	0	-508
2001-03 Revised Appropriations	211.1	0	33,185

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Department of Personnel Service Account, Data Processing Revolving Account--Non-Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State Lottery Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	151.0	0	763,162
2002 Policy Changes:			
1. "Big Game" Multi-State Lottery *	0.0	0	64,604
2. Reduced Existing Lottery Activity	0.0	0	-15,111
3. Efficiencies and Savings	-4.5	0	-335
Total Policy Changes	-4.5	0	49,158
2001-03 Revised Appropriations	146.5	0	812,320

Comments:

1. "Big Game" Multi-State Lottery * - Under Senate Bill 6560, the State Lottery Commission is authorized to join a shared game lottery. The State Lottery Commission expects to join the "The Big Game", a multi-state lottery consortium, offering multi-million dollar jackpots. With expected implementation in October, 2002, the "The Big Game" is projected to generate General Fund-State revenues of \$24.4 million in fiscal year 2003, accounting for reduction in revenue of existing lottery games. In addition, \$500,000 of revenue in fiscal year 2003 is transferred to the Violence Reduction and Drug Enforcement account, exclusively for the treatment of pathological gambling. Expenses of \$64.6 million, including prize payouts (\$54 million), retailer commissions, vendor contracts, and marketing, are paid by "The Big Game" ticket sales. (Shared Game Account--Non-Appropriated)

2. Reduced Existing Lottery Activity - Sales of "The Big Game" are expected to somewhat reduce existing lottery game sales and expenses. The decrease in funding reflects reduced prize payouts, retailer commissions, and vendor contracts. (State Lottery Account--Non-Appropriated)

3. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Lottery Administration Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Washington State Gambling Comm
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	202.3	0	29,803
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-6.0</u>	<u>0</u>	<u>-450</u>
Total Policy Changes	-6.0	0	-450
2001-03 Revised Appropriations	196.3	0	29,353

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Gambling Revolving Account--Non-Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
WA State Comm on Hispanic Affairs
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	3.3	460	460
2002 Policy Changes:			
1. Co-locate and Consolidate Administr	<u>-1.0</u>	<u>-24</u>	<u>-24</u>
Total Policy Changes	-1.0	-24	-24
2001-03 Revised Appropriations	2.3	436	436

Comments:

1. Co-locate and Consolidate Administr - Funding is provided for the administrative consolidation and co-location of the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Commission on Asian Pacific American Affairs in one office building. In addition, there will be staff and other savings resulting from shared administrative services.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
African-American Affairs Comm
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	3.0	420	420
2002 Policy Changes:			
1. Co-locate and Consolidate Administr	-0.7	-2	-2
Total Policy Changes	-0.7	-2	-2
2001-03 Revised Appropriations	2.3	418	418

Comments:

1. Co-locate and Consolidate Administr - Funding is provided for the administrative consolidation and co-location of the Commission on African-American Affairs, the Commission on Hispanic Affairs, and the Commission on Asian Pacific American Affairs in one office building. In addition, there will be staff and other savings resulting from shared administrative services.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Personnel Appeals Board
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	11.0	0	1,679
2002 Policy Changes:			
1. Leave Cash Out for Board Members	0.0	0	26
Total Policy Changes	0.0	0	26
2001-03 Revised Appropriations	11.0	0	1,705

Comments:

1. Leave Cash Out for Board Members - One-time funding is provided for the agency to pay required annual and sick leave cash-out for a retiring board member. (Department of Personnel Service Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Retirement Systems
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	296.8	0	52,917
Total Maintenance Changes	0.0	0	125
2002 Policy Changes:			
1. Monitoring and Actuarial Services	0.0	0	225
2. Efficiencies and Savings	-9.0	0	-711
3. PERS 3 Transfer Payment	0.0	0	96
4. TRS 1 Extended School Year	0.0	0	9
5. LEOFF 2 Part-Time Leave of Absence	0.0	0	12
6. Transferring Service Credit to WSPRS	0.1	0	122
7. Survivor Benefits	2.4	0	651
8. PERS 1 Terminated Vested	0.0	0	53
Total Policy Changes	-6.5	0	457
2001-03 Revised Appropriations	290.3	0	53,499

Comments:

1. Monitoring and Actuarial Services - Funding is provided for actuarial and other services necessary to monitor the status of the state pension system. (Department of Retirement Systems Expense Account)

2. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Department of Retirement Systems Expense Account)

3. PERS 3 Transfer Payment - Funding is provided for DRS to modify computer systems, communication materials and member presentation materials relating to the new transfer payment dates created by SB 6376. (Department of Retirement Systems Expense Account)

4. TRS 1 Extended School Year - Funding is provided for DRS to update TRS Plan 1 communication materials and the retiree application for extended school year members pursuant to SB 6377. (Department of Retirement Systems Expense Account)

5. LEOFF 2 Part-Time Leave of Absence - Funding is provided for DRS to change communication materials and modify the member information system to identify law enforcement members who take part-time leave of absence under SB 6378. (Department of Retirement Systems Expense Account)

6. Transferring Service Credit to WSPRS - Funding is provided to DRS to update communication materials, operations manual and the member information system for eligible members who elect to transfer all past PERS Plan 2 service credit into WSPRS pursuant to SB 6379. (Department of Retirement Systems Expense Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Retirement Systems

7. Survivor Benefits - Funding is provided to DRS for computer system modification costs related to the changes in automatic and optional survivor benefits pursuant to ESB 6380. (Department of Retirement Systems Expense Account)

8. PERS 1 Terminated Vested - Funding is provided for DRS to make system modifications and update member educational materials for future, vested PERS 1 members who separate from service and elect to receive retirement benefits at age 60 pursuant to SB 6381. (Department of Retirement Systems Expense Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State Investment Board
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	61.8	0	12,876
2002 Policy Changes:			
1. New Leased Facility	0.0	0	779
2. Efficiencies and Savings	-2.0	0	-194
Total Policy Changes	-2.0	0	585
2001-03 Revised Appropriations	59.8	0	13,461

Comments:

1. New Leased Facility - Funding is provided to the State Investment Board for increased lease costs including rent, tenant improvements, moving costs, design costs, furniture, filing systems, a telephone system and a public address system. (State Investment Board Expense Account)

2. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (State Investment Board Expense Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Revenue
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	959.7	145,207	155,498
2002 Policy Changes:			
1. Tax Education and Tax Collection	64.0	6,260	6,260
2. Efficiencies and Savings	-3.0	-699	-699
3. Assistance to Local Governments	0.0	50	50
4. Tax Incentives Study	0.0	90	90
Total Policy Changes	61.0	5,701	5,701
2001-03 Revised Appropriations	1,020.7	150,908	161,199

Comments:

1. Tax Education and Tax Collection - Funding is provided to improve tax collection, tax discovery, and overall tax compliance. Total FTEs accounts for phase-in of staff, including auditors, revenue agents, taxpayer education, and support. Projected General Fund-State revenues from increased collections are \$46.4 million for Fiscal Year 2003, and \$106.1 million for the 2003-2005 biennium. Projected local government revenues are \$6.8 million for Fiscal Year 2003, and \$15.6 million for the 2003-2005 biennium.

2. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

3. Assistance to Local Governments - Funding is provided to cover the cost of assisting local governments pursuant to Senate Bill 6821 "Local Government Finance."

4. Tax Incentives Study - One-time funding is provided for the department to conduct a study of tax incentives. The purpose of the study is to allow the Legislature to evaluate the success of tax incentives in terms of job creation, product development, and other factors that are considered a return on investment of public funds. The study shall maintain the confidentiality of individual businesses, and participation in the study is voluntary. The department shall report to the appropriate legislative committees of the Senate and House of Representatives by November 30, 2002.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Board of Tax Appeals**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	11.0	2,231	2,231
2002 Policy Changes:			
1. Efficiencies and Savings	-0.3	-52	-52
Total Policy Changes	-0.3	-52	-52
2001-03 Revised Appropriations	10.7	2,179	2,179

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Dept of General Administration**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	620.0	1,179	133,029
2002 Policy Changes:			
1. Revolving Fund Reductions	-6.0	0	-620
2. Transfer Risk Management Office	-16.8	0	-1,460
3. Recycling and Waste Reduction	0.0	44	44
Total Policy Changes	-22.8	44	-2,036
2001-03 Revised Appropriations	597.2	1,223	130,993

Comments:

1. Revolving Fund Reductions - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (General Administration Service Account)

2. Transfer Risk Management Office - Funding for the Office of Risk Management is transferred to the Office of Financial Management pursuant to the recommendations of the Washington State Risk Management Task Force. (General Administration Services Account)

3. Recycling and Waste Reduction - One-time funding is provided for the department to implement the recycling and waste reduction provisions of SB 6480.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Information Services
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	428.6	0	209,488
2002 Policy Changes:			
1. Revolving Fund Reductions	<u>0.0</u>	<u>0</u>	<u>-96</u>
Total Policy Changes	0.0	0	-96
2001-03 Revised Appropriations	428.6	0	209,392

Comments:

1. Revolving Fund Reductions - A revolving fund reduction is made to the amount that the Department of Information Services (DIS) is reimbursed by state agencies for DIS' Policy and Regulation Division (PRD) staff who provide information technology consulting services to agencies and the Information Services Board. (Data Processing Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Office of Insurance Commissioner
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	182.2	0	29,675
2002 Policy Changes:			
1. SHIBA HelpLine	0.0	0	204
2. SHIBA Sponsor Reimbursement	0.0	0	176
3. Health Carrier Examinations	0.0	0	495
Total Policy Changes	0.0	0	875
2001-03 Revised Appropriations	182.2	0	30,550

Comments:

1. SHIBA HelpLine - The OIC provides support for the Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine that coordinate volunteer organizations assisting citizens with health insurance consumer issues. This activity is funded by a one-time, three year, federal Harken grant from the Administration on Aging. The grant terminates on June 30, 2002 and state funding is provided to continue the service. (Insurance Commissioner's Regulatory Account)

2. SHIBA Sponsor Reimbursement - Funding is provided to revise the formula by which nonprofit sponsor organizations in local communities to recruit and train volunteers who provide insurance assistance, advocacy, and education to Washington residents. (Insurance Commissioner's Regulatory Account)

3. Health Carrier Examinations - The OIC will conduct in-depth on-site financial examinations of health carriers. On-site financial examinations will detect and allow for the correction of financially distressed health insurers. (Insurance Commissioner's Regulatory Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Washington Horse Racing Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	29.4	0	4,504
2002 Policy Changes:			
1. Efficiencies and Savings	-0.9	0	-68
Total Policy Changes	-0.9	0	-68
2001-03 Revised Appropriations	28.5	0	4,436

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Horse Racing Commission Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
WA State Liquor Control Board
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	944.8	2,967	153,229
Total Maintenance Changes	0.0	0	3,098
2002 Policy Changes:			
1. Efficiencies and Savings	-4.0	-45	-1,498
2. Material Handling System Components	0.0	0	741
Total Policy Changes	-4.0	-45	-757
2001-03 Revised Appropriations	940.8	2,922	155,570

Comments:

1. Efficiencies and Savings - The Liquor Control Board (LCB) shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The LCB should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The LCB, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2. Material Handling System Components - Funding is provided for material handling system back-up parts that were not originally budgeted, because specific system requirements were not known at the time of the system design. Funding is also provided for some unanticipated new system requirements, such as material handling system labels, software license costs and insurance. (Liquor Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Utilities and Transportation Comm
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	169.1	0	31,235
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-4.0</u>	<u>0</u>	<u>-406</u>
Total Policy Changes	-4.0	0	-406
2001-03 Revised Appropriations	165.1	0	30,829

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (Public Service Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Military Department
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	213.0	18,144	257,367
Total Maintenance Changes	0.0	0	-112,569
2002 Policy Changes:			
1. Efficiencies and Savings	-1.0	-449	-449
2. E911 Program Network Upgrade	0.0	0	907
3. Wireless Enhanced 911 #	1.0	0	2,818
Total Policy Changes	0.0	-449	3,276
2001-03 Revised Appropriations	213.0	17,695	148,074

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2. E911 Program Network Upgrade - Funding is provided for costs associated with upgrading the ability of the E911 network to transfer calls from one Public Safety Answering Point (PSAP) to another PSAP within the state. (Enhanced 911 Account)

3. Wireless Enhanced 911 # - Funding is provided for the implementation of E2SSB 6034 or HB 2595 (enhanced 911 excise tax), which imposes an additional 20 cent per month state tax on wireless subscribers. The revenue from this tax will be utilized for costs associated with creating the capability to locate the number and location of callers dialing 911 from a wireless phone. (Enhanced 911 Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Employment Relations Comm
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	24.7	4,318	4,318
2002 Policy Changes:			
1. Initiative 775 Impact	1.5	285	285
2. Efficiencies and Savings	-1.0	-86	-86
3. Higher Ed Bargaining Impacts	0.5	47	47
Total Policy Changes	1.0	246	246
2001-03 Revised Appropriations	25.7	4,564	4,564

Comments:

1. Initiative 775 Impact - Funding is provided for requirements associated with Initiative 775, which passed in November, 2001. The initiative grants approximately 30,000 home care workers full collective bargaining rights under the Public Employee's Collective Bargaining Act administered by the Public Employment Relations Commission. The Commission will run an initial election process to determine if home care workers want to be represented by a labor organization and which organization would represent them. The Commission is also responsible for adopting rules required for the initiative, negotiating collective bargaining agreements, running future elections, and acting as an appeals board for unfair labor practice allegations.

2. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

3. Higher Ed Bargaining Impacts - Funding is provided for increased workload related to higher education-related collective bargaining, pursuant to 2SHB 2403 and ESHB 2540. 2SHB 2403 provides for collective bargaining between all state four-year higher education institutions and their faculty. ESHB 2504 allows teaching and research assistants at the University of Washington to collectively bargain for wages, benefits, and certain working conditions. The Commission is required to conduct elections and provide mediation, in addition to other duties.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Growth Management Hearings Board
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	12.0	3,003	3,003
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-1.0</u>	<u>-75</u>	<u>-75</u>
Total Policy Changes	-1.0	-75	-75
2001-03 Revised Appropriations	11.0	2,928	2,928

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State Convention and Trade Center
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	155.0	0	67,734
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-4.0</u>	<u>0</u>	<u>-579</u>
Total Policy Changes	-4.0	0	-579
2001-03 Revised Appropriations	151.0	0	67,155

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction. (State Convention and Trade Center Operations Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
WA State Health Care Authority
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	291.2	13,309	682,887
Total Maintenance Changes	1.0	0	-3,997
2002 Policy Changes:			
1. Transfer Community Health Services	0.0	-6,654	0
2. Basic Health Enrollment Expansion	24.8	0	41,238
3. Low-Income Dental Clinics	0.0	3,000	3,000
4. Efficiencies and Savings	-9.0	0	-766
5. Consolidated Drug Purchasing	6.8	0	1,359
Total Policy Changes	22.6	-3,654	44,831
2001-03 Revised Appropriations	314.8	9,655	723,721

Comments:

1. Transfer Community Health Services - Funding for Community Health Services is shifted from the General Fund-State to the Health Services Account beginning July 1, 2002. (General Fund-State, Health Services Account)

2. Basic Health Enrollment Expansion - With revenue generated by Initiative 773, Basic Health Plan enrollment will expand from 125,000 in July 2002 to 172,000 by the end of the biennium. During July-October 2002, opportunities for subsidized coverage will be offered on a phased-in basis for 27,000 non-citizen children and adults who will no longer be eligible for state medical assistance programs in the Department of Social and Health Services. Beginning in January 2003, subsidized coverage will be offered on a phased-in basis for an additional 20,000 enrollees. (Health Services Account-State, Basic Health Plan Trust Account-Nonappropriated)

3. Low-Income Dental Clinics - State grant support is increased for the non-profit community clinics which provide dental care for persons for whom it is not available from any other source. (Health Services Account-State)

4. Efficiencies and Savings - The agency is to take actions consistent with its missions, goals, and objectives to reduce operating costs. Strong consideration is to be given to the best practice proposals put forth by the Office of Financial Management and the Department of Information Services. To the extent possible, such action is to maintain client services and state revenues. Actions may include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal services contracts. (Health Services Account-State, Health Care Authority Administrative Account)

5. Consolidated Drug Purchasing - Funding is provided for implementation of Substitute Senate Bill 6368. The legislation is expected to increase the affordability and cost-effective utilization of prescription drugs by state agencies by: (1) establishing an evidence-based preferred drug list for use by all state agencies; (2) educating providers and consumers regarding effective use of drugs on the preferred list; (3) implementing uniform drug utilization review procedures across all state agencies; and (4) instituting 2-5 disease management programs. (Health Services Account-State, General Fund-Medicaid, Medical Aid Account-State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Human Rights Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	52.4	5,388	7,032
2002 Policy Changes:			
1. Efficiencies and Savings	-1.0	-81	-81
Total Policy Changes	-1.0	-81	-81
2001-03 Revised Appropriations	51.4	5,307	6,951

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Bd of Industrial Insurance Appeals
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	157.3	0	29,406
Total Maintenance Changes	4.5	0	187
2001-03 Revised Appropriations	161.8	0	29,593

Comments:

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Criminal Justice Training Comm
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	42.0	0	19,047
Total Maintenance Changes	0.0	0	85
2002 Policy Changes:			
1. Public Safety and Education	-2.0	0	-512
2. Vendor Rate Change	0.0	0	-7
Total Policy Changes	-2.0	0	-519
2001-03 Revised Appropriations	40.0	0	18,613

Comments:

1. Public Safety and Education - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2. Vendor Rate Change - The Washington Association of Sheriffs and Police Chiefs and the Criminal Justice Training Commission's food service contractor will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (Public Safety and Education Account-State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Labor and Industries
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	2,734.9	15,420	455,143
Total Maintenance Changes	10.3	0	1,322
2002 Policy Changes:			
1. Increased Farm Safety Inspections	0.0	0	507
2. Apprenticeship Transfer	0.0	-2,103	0
3. Employment Standards Transfer	0.0	-2,223	0
4. Crime Victims Program Reduction	0.0	0	-551
5. Boiler Safety Inspection Increases	0.0	0	251
6. Increased Litigation Costs	0.0	0	529
7. Establish CVC Trust Account	0.0	0	0
8. Center for Occupational Health	0.0	0	300
Total Policy Changes	0.0	-4,326	1,036
2001-03 Revised Appropriations	2,745.2	11,094	457,501

Comments:

1. Increased Farm Safety Inspections - Increased inspections will improve workplace safety and the enforcement of labor laws for agricultural workers in Washington. This addresses a complaint filed by worker advocates under the North American Agreement of Labor Cooperation, a side-agreement to the North American Free Trade Agreement stating that farm workers need more protection from labor law abuses and safe workplaces. (Accident Account, Medical Aid Account)

2. Apprenticeship Transfer - The apprenticeship activities are transferred from General Fund-State funding to the workers' compensation funds. Apprenticeships promote a better trained and stable workforce, thus reducing workplace accidents. (General Fund-State, Accident Account, Medical Aid Account)

3. Employment Standards Transfer - The employment standards activities are transferred from General Fund-State funding to the workers' compensation funds. Enforcement of employment standards promotes a safer workplace. (General Fund-State, Accident Account, Medical Aid Account)

4. Crime Victims Program Reduction - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

5. Boiler Safety Inspection Increases - An estimated 5,000 boilers are installed in Washington each year without safety inspections. The Board of Boiler Rules has mandated a new formalized boiler permitting process that will require boiler installers to notify the Department of Labor and Industries (L&I) and obtain a safety inspection. These inspections will greatly increase safety but will result in a significant increase in L&I's inspection workload. Inspection responsibilities are projected to grow by as much as 47 percent (7,500 inspections) by the end of Fiscal Year 2003. Inspection fees and boiler permit fees will offset the costs of the new inspections. (Pressure Systems Safety Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Labor and Industries

6. Increased Litigation Costs - Litigation costs continue to increase as a result of increased appeals and lawsuits before the Board of Industrial Insurance Appeals and the courts. Litigation costs include expert witnesses, court ordered attorney fees, court reporters, couriers, medical records, medical consultations and court filing fees. Funding is increased in the first year based on the assumption that actual deficits for legal service to date will continue for the remainder of FY 2002. The second year increase is estimated to be twice the deficit level projected for FY 2002. (Accident Account, Medical Aid Account)

7. Establish CVC Trust Account - SB 6492 establishes the Crime Victims Trust Account. Revenue that was previously deposited into the PSEA-Local and PSEA-Federal accounts will now be deposited into this new, non-appropriated account. Funds in the new account will be used for crime victims compensation claims. (Public Safety and Education Account-Federal, Public Safety and Education Account-Local)

8. Center for Occupational Health - Funding is provided for a second center of occupational health and education to be located on the east side of the state. These centers train physicians on best practices for occupational medicine and work with labor and business to improve the quality and outcomes of medical care provided to injured workers. (Medical Aid Account--State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Indeterminate Sentence Review Board
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	8.2	1,998	1,998
2002 Policy Changes:			
1. Efficiencies & Savings	0.0	-30	-30
Total Policy Changes	0.0	-30	-30
2001-03 Revised Appropriations	8.2	1,968	1,968

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Home Care Quality Authority
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	0	0
Total Maintenance Changes	3.1	152	152
2001-03 Revised Appropriations	3.1	152	152

Comments:

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Department of Health**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,177.0	132,249	631,161
Total Maintenance Changes	3.0	0	2,325
2002 Policy Changes:			
1. Maximize Use of Federal Funds	0.0	-1,111	-323
2. Administrative Reductions #	-1.3	-421	-421
3. HIV Early Intervention Funding	0.0	-757	-33
4. Transfer COBRA Insurance Coverage #	0.0	3,203	3,203
5. Cost-Sharing for HIV Assistance	5.0	-717	-717
6. I-773 Tobacco Plan Enhancement	0.0	0	8,745
7. Childhood Vaccines Fund Shift	0.0	-11,641	0
8. Federal Bio-Terrorism Funding	0.0	0	18,121
9. Upgrade Hospital Reporting System	0.0	0	599
10. Disciplinary Tracking System	0.0	0	294
11. Infant-Friendly Certification	0.0	-83	-83
12. Northwest Family Center	0.0	-174	-174
13. Vaccine Funding Savings	0.0	-3,680	-5,508
14. Initiate Fees for Syphilis Testing	0.0	-80	0
15. Initiate Fees for Shellfish Testing	0.0	-702	0
16. Water Conservation and Reuse	0.0	-182	0
17. Group B Water Inventory Completion	0.0	-220	-220
18. Reduce Children's Hospital Contract	0.0	-182	-182
19. AIDSNETS Funding Reduction	0.0	-360	-360
20. Regulate Adult Family Homes	-1.0	0	-224
21. Children's Environmental Health	0.4	0	48
Total Policy Changes	3.1	-17,107	22,765
2001-03 Revised Appropriations	1,183.1	115,142	656,251

Comments:

1. Maximize Use of Federal Funds - Increased federal funding is substituted for state general funds in the following areas: (1) administrative costs in the Childhood Immunization Program; (2) technical assistance to hospitals in the Early Hearing Loss Detection, Diagnosis and Intervention program; and (3) nutrition services and administration costs in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Additionally, substantial increases in state tobacco funding over the last three years enable the department to reallocate a portion of the Preventive Health and Health Services Block Grant from tobacco prevention to support health promotion and education activities which were previously state-funded. (General Fund-State, General Fund-Federal)

2. Administrative Reductions # - Funding for a variety of administrative functions is reduced. RCW 68.50 is to be repealed, so that the corneal eyebank will no longer be subject to regulation by both the state and federal governments. RCW 43.72.310 is to be repealed, so that the Department of Health (DoH) will no longer review and approve applications by integrated health systems for immunity from federal anti-trust laws. The department will reduce its capacity to conduct sunrise reviews of proposed insurance benefit mandates benefits. Various administrative services within the Division of Community and Family Health will be reduced, and a position will be eliminated in the Policy, Legislative and Constituent Relations Office. The Board of Health will reduce its number of formal meetings, staff time, and contracted research.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Health

3. HIV Early Intervention Funding - The HIV Early Intervention program uses state and federal funds to provide prescription drugs, limited medical and dental services, and insurance premium assistance for persons with HIV disease. Because of increased federal funding and drug manufacturer rebates, state general fund support for the program only needs to increase by \$327,000 in FY 03, to \$2.65 million, rather than by \$970,000 as originally budgeted. (General Fund-State, General Fund-Federal, General Fund-Local)

4. Transfer COBRA Insurance Coverage # - Effective July 1, 2002, the Evergreen Health Insurance Program (EHIP), currently managed by DSHS under RCW 74.09.757, is transferred to the Department of Health (DOH). DOH will combine EHIP with other services to people with HIV/AIDS to create a single streamlined education, prevention, early intervention, and health insurance program.

5. Cost-Sharing for HIV Assistance - The HIV Early Intervention Program provides financial assistance with drug costs, insurance premiums, and medical, dental, and laboratory testing for persons with HIV disease. Due to the expense of drug therapies, and enrollment increases due to increased longevity and earlier onset of therapy, expenditures on the program are growing about 17 percent annually. Enrollment in the program is open to any HIV-infected person with an income below 370% of poverty (\$31,000 for a single person), and less than \$10-15,000 in liquid assets.

To reduce the growth in state expenditures, this budget requires the roughly 45% of enrollees with incomes between 125-370% of poverty to cover an average of 20% of the costs which would otherwise be paid by the state/federal program. The percentage of their costs for which the enrollee would be responsible would increase according to income, and there would be an annual cap on the percentage of their income and assets which enrollees would be required to pay. Savings are assumed for only the final 9 months of FY 03, in order to allow time for development of administrative rules and systems. This change is projected to avoid \$3.3 million of increased state expenditures in the 2003-05 biennium.

6. I-773 Tobacco Plan Enhancement - Initiative 773 requires an appropriation of no less than \$26,240,000 each fiscal year starting with Fiscal Year 2003 for implementation of the state tobacco prevention and control plan. This item brings the total appropriation to the required level. (Tobacco Prevention and Control Account)

7. Childhood Vaccines Fund Shift - The 2001-03 state funding for the Childhood Vaccine program is shifted from the state General Fund to the Health Services Account. (General Fund-State, Health Services Account)

8. Federal Bio-Terrorism Funding - In consultation with the federal government, local public health departments, hospitals, medical professionals, and state and local public safety agencies, the Department of Health will develop and begin implementation of a comprehensive plan for improving state and local response to public health emergencies and threats, including acts of bio-terrorism. Major components of the comprehensive plan will include state-wide and regional response to bio-terrorism incidents and infectious disease outbreaks; mass distribution of antibiotics, vaccines, and medical materiel from the National Pharmaceutical Stockpile; assessment of needed statutory and regulatory changes regarding medical professional credentialing and liability in the event of a public health emergency; development of a communications system which assures 24/7 sharing of critical health information among emergency departments, state and local health officials, and law enforcement personnel; and training for such personnel. (General Fund-Federal)

9. Upgrade Hospital Reporting System - A one-time fund balance in the Hospital Data Collection Account is to be used to modernize the Comprehensive Hospital Abstract Reporting System (CHARS) to a secure, internet-based application. This is expected to improve data quality and timeliness, while at the same time reducing reporting costs for hospitals, and ongoing operating costs to the state by \$180-200,000 per year. Development of this system will enable the Legislature to reduce the current \$750,000 per year Health Services Account subsidy of the CHARS system next biennium by the projected operating costs savings. (Hospital Commission Account - State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Health

10. Disciplinary Tracking System - During the 1999-01 Biennium, the Department of Health received \$2.4 million to obtain a new licensing and disciplinary tracking system that would consolidate reporting for all health professions. It was determined that an "off-the-shelf" product that met the Department's business needs was not available. The spending authority for this project lapsed. This funding enables the Department to link and enhance the current separate disciplinary tracking systems. (Health Professions Account)

11. Infant-Friendly Certification - Chapter 88, Laws of 2001 allows an employer to use the designation of "infant-friendly" on promotional materials should it develop workplace policies supportive of women who breastfeed their babies. Under the law, the Department of Health is to develop and implement criteria, and review and certify businesses with policies that meet the criteria. Due to budget constraints, the certification function will not be performed.

12. Northwest Family Center - This option would eliminate state grant support to the Northwest Family Center. The center provides case management, prevention and risk reduction, outreach, and chemical dependency counseling for women and children with HIV disease. State grant support is less important now than when it began in 1990, because (1) HIV transmission from mothers to infants has been dramatically reduced as a result of more effective treatments; (2) federal grant and Medicaid funding to the center has increased substantially in recent years without any corresponding reduction in state grant assistance; and (3) other obstetric and pediatric providers now have technological links to specialists in the field.

13. Vaccine Funding Savings - The state purchases medically-recommended childhood vaccines, so that they are available at no cost to families and medical providers. State expenditures for this function are less than originally projected because (1) federal Vaccines for Children funding is available to cover a larger share of expenditures than previously budgeted, and (2) manufacturer shortages have delayed purchase of two vaccines, most notably the expensive new "Prevnar" vaccine recently available on the market. (General Fund-State, Health Services Account)

14. Initiate Fees for Syphilis Testing - Current law requires the state public health laboratory to provide syphilis testing free of charge upon request. While intended to support public health and community health agencies, physicians and laboratories in the general medical community also use this service. This proposal would limit free syphilis tests to those requested by public health and community health agencies, and impose an approximately \$25 fee to cover the cost of tests ordered by all other individuals and organizations. (General Fund-State, General Fund-Private/Local)

15. Initiate Fees for Shellfish Testing - The state public health laboratory tests shellfish from public beaches and commercial growers for the presence of bacteria or biotoxins to ensure that contaminated shellfish are not consumed by the public. This testing is currently supported by the state General Fund. This item requires commercial shellfish growers to pay for testing related to their commercial product beginning July 1, at an average fee of approximately \$100 per test. In accordance with Substitute Senate Bill 6790, it also requires that the fee for recreational shellfish licenses issued by the Department of Fish and Wildlife be increased by approximately \$2 effective April 1, 2002, so that lab testing and on-site inspection of recreationally-harvested shellfish will also be fee-supported rather than state-subsidized. (General Fund-State, General Fund-Private/Local)

16. Water Conservation and Reuse - Funding for the water conservation and reuse program is transferred from the state General Fund to the Salmon Recovery Account. State funding for this function will be considered for reduction or elimination in the 03-05 biennium if a comprehensive water strategy is enacted in the 2002 session which includes a significant municipal conservation and reuse component. (General Fund-State, Salmon Recovery Account)

17. Group B Water Inventory Completion - The 2001 Legislature appropriated funds which are being used to provide \$800,000 per calendar year (CY) to assist local health departments assure the safety of very small water systems. This item reduces the CY 03 appropriation level for start-up and baseline inventory activities already completed in CY 02. Sufficient funds remain to continue financial assistance grants at the \$800,000 per year level in CY 03.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Health

18. Reduce Children's Hospital Contract - State funding to Children's Hospital and Regional Medical Center (CHRM) is reduced. This contract supports the CHRM for Children with Special Needs to provide collaborative efforts to improve statewide systems of care for children with special health care needs. The CHRM develops assessment strategies, quality assurance processes, and family involvement strategies. The Center also informs and educates providers, policy makers, and others about children with special health care needs.

19. AIDSNETS Funding Reduction - The six regional AIDS networks receive state and federal funding to provide outreach and prevention activities targeted to populations at high risk of contracting HIV disease, to conduct education and testing programs for the general public, and to coordinate care and case management for affected individuals. State funding for these functions is reduced by approximately 4.5 percent (or 2 percent, counting all state and federal funding available to the networks in calendar year 2001). Due to increased federal appropriations, there would be no reduction in total funding levels for the AIDSNETS at this state funding level.

20. Regulate Adult Family Homes - Senate Bill 6289 and House Bill 2444 remove the unnecessary duplication in the regulatory requirements for Adult Family Home (AFH) providers and resident managers. Currently the facilities are licensed by the Department of Social and Health Services (DSHS) and the providers and managers are registered by the Department of Health (DoH). This legislation will eliminate the registration of the AFH providers and resident managers by DoH, and the fees they pay to cover the cost of that registration, and transfer the Adult Family Home Advisory Committee to DSHS. (Health Professions Account)

21. Children's Environmental Health - Funding is provided for the state Board of Health to support the work of the Children's Environmental Health Protection Advisory Council established by Senate Bill 6356. (Worker and Community Right to Know Account - State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Department of Veterans' Affairs**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	629.9	19,756	75,977
2002 Policy Changes:			
1. Reduce Vendor Rate	0.0	-12	-12
2. Efficiencies and Savings	-3.5	-244	-244
3. Bed Conversions Shortfall	-14.6	-7	-1,539
4. Facility Start-Up Delays	0.0	0	-2,516
Total Policy Changes	-18.1	-263	-4,311
2001-03 Revised Appropriations	611.8	19,493	71,666

Comments:

1. Reduce Vendor Rate - Department of Veterans Affairs Field Services contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted.

2. Efficiencies and Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practices proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal services contracts. The agency, with OFM approval, may use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

3. Bed Conversions Shortfall - In its original 2001-03 budget, the Department of Veterans Affairs proposed to reduce state expenditures by converting 65 beds to a higher level of care which would generate more federal and private revenues than the marginal additional cost of their operation. This has not proved feasible, both because of implementation of new federal accreditation standards, and also because earlier-than-anticipated federal approval of construction funding for a new nursing facility on the Retsil campus is requiring demolition of buildings in which the new level of care was to be provided. These factors have combined to result in a projected \$2.3 million revenue deficit at the homes. The agency proposes to manage this deficit by (1) not incurring the \$1.45 million of additional staffing and other costs authorized for delivery of the planned higher level of care; and (2) applying \$786,000 of federal and private revenues whose receipt was "deferred" last biennium to resolution of the shortfall. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

4. Facility Start-Up Delays - Acquisition, accreditation, and implementation of the new Eastern Washington Veterans Home did not proceed as quickly as originally planned. As a result, expenditures and revenues will both be lower during the first fiscal year than the agency originally projected. The agency now expects the facility to be serving its full capacity of 97 veterans by July 2002, rather than by December 2001 as planned. (General Fund-Federal, General Fund-Private/Local)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Department of Corrections**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	7,742.8	1,039,588	1,080,427
Total Maintenance Changes	278.8	41,103	38,394
2002 Policy Changes:			
1. Public Safety and Education Account	-4.0	0	-483
2. DNA Database #	0.0	31	31
3. Work Release Privatization #	-82.2	-1,610	-1,610
4. Eliminate Monetary Supervision #	-30.9	-2,273	-2,273
5. Eliminate Low Community Supervn #	-38.3	-3,127	-3,127
6. Elim PreSentence Investigation #	-26.6	-2,173	-2,173
7. Education Contract Consolidation	0.0	-1,223	-1,223
8. Food Service Efficiencies	-11.8	-464	-464
9. Eliminate Mental Health Contract	0.0	-330	-330
10. Motor Vehicle Theft #	0.7	53	53
11. MAP Implementation	0.0	50	50
12. Efficiencies and Savings	-29.2	-2,263	-2,263
13. Vendor Rate Change	0.0	-221	-221
14. Violence Reduction and Drug Account	0.0	0	-32
Total Policy Changes	-222.3	-13,550	-14,065
2001-03 Revised Appropriations	7,799.3	1,067,141	1,104,756

Comments:

1. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2. DNA Database # - Funding is provided for the Department of Corrections' costs in implementing SB 6473 (offender DNA database), which expands DNA databanking to additional felony offenders and certain misdemeanants.

3. Work Release Privatization # - Currently, the Department of Corrections operates a work release facility in the Tri-Cities area. This facility is the one remaining state operated facility out of the state's fifteen work release facilities. SB 6499 (supervision of offenders) allows the Department of Corrections (DOC) to contract with a private vendor for the operation of the Tri-Cities work release facility. Savings are achieved from this conversion. Additionally, this reduction assumes that the Department of Corrections will no longer have community corrections officers located at the other existing contracted work release facilities.

4. Eliminate Monetary Supervision # - Savings are generated from SB 6499 (supervision of offenders), which eliminates the responsibility of the department to supervise offenders under supervision for the purpose of collection of legal financial obligations only.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Corrections

5. Eliminate Low Community Supervn # - The Department is responsible for supervising felony and misdemeanor offenders, sentenced in Superior Court, who reside in the community. Using a risk assessment process, the Department classifies offenders based on the risk to re-offend and nature of the harm done. Offenders are classified into four types: Risk Management A (RM-A), RM-B, RM-C, and RM-D. Offenders classified as RM-A pose the most serious risk to re-offend, therefore require a higher level of supervision. The lowest risk level (RM-D) includes offenders that the Department's risk assessment process has determined to have minimal violent offense behavior risk in the community. These offenders report by telephone whenever there is a change in their residence, employment, alternative contact person, or new arrests. Savings are achieved by the implementation of SB 6499 (offender supervision), which removes the responsibility of the department to supervise the lowest risk offenders (RM-D) with the exception of offenders receiving the Drug Offender Sentencing Alternative.

6. Elim PreSentence Investigation # - A portion of the funding for the department to conduct pre-sentence investigations (PSI) is eliminated. Currently, the department provides PSIs upon request of the courts for use in determining an offender's sentence. The savings from level included in this reduction is based upon the department only continuing to conduct PSIs for sex offenders and mentally ill offenders.

7. Education Contract Consolidation - The Department of Corrections contracts with several community colleges for educational services in prison facilities. Savings are achieved as a result of the department reducing administrative costs in the delivery of these educational services. The department, in consultation with the State Board for Community and Technical Colleges, will develop a plan for achieving this level of savings without impacting current direct service levels.

8. Food Service Efficiencies - Savings are assumed as a result of the department utilizing a standardized meal planning and menus in their correctional facilities, thereby eliminating duplicate workload between facilities. These efficiencies will not directly affect services or compromise cultural, or health requirements of incarcerated offenders.

9. Eliminate Mental Health Contract - The Department contracts with a third party reviewer to conduct staff training, program evaluation and periodic updates for the Department's mental health program. The Department will investigate existing services for efficiencies, and eliminate the contract with the University of Washington. This change will not affect mental health services to offenders.

10. Motor Vehicle Theft # - Funding is provided for the implementation of SSB 6490 (motor vehicle theft), which increases the penalties for motor vehicle theft crimes.

11. MAP Implementation - Funding is provided for the initial implementation of a Medical Algorithm Practice (MAP) program within Department of Corrections' facilities. This program is designed to achieve clinical efficacy and costs efficiency in the utilization of psychiatric drugs.

12. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction. Unlike the across-the-board reduction applied to most state agencies, the reduction to the Department of Corrections (DOC) is only calculated based on selected administrative areas of DOC's budget.

13. Vendor Rate Change - The department's education, chemical dependency, and work release contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Corrections

14. Violence Reduction and Drug Account - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Services for the Blind
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	71.9	3,321	16,334
2002 Policy Changes:			
1. Efficiencies and Savings	0.0	-81	-81
2. Transfer from DSHS Voc Rehab	0.0	0	1,503
Total Policy Changes	0.0	-81	1,422
2001-03 Revised Appropriations	71.9	3,240	17,756

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with its mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practices proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal services contracts. The agency, with OFM approval, may use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2. Transfer from DSHS Voc Rehab - The Division of Vocational Rehabilitation (DVR) and the Department of Services for the Blind (DSB) have agreed to assign 14 percent of the annual federal vocational rehabilitation grant to DSB, rather than 12 percent as in the past. This results in an allocation between the two programs more consistent with national averages, and is expected to enable DSB to avoid the "order of selection" waiting lists under which DVR has operated since fall 2000. The DSB will be able to match the additional federal revenues without an increase in its state general fund appropriations because of an interagency agreement with the School for the Blind. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Sentencing Guidelines Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	11.8	1,793	1,793
2002 Policy Changes:			
1. Efficiencies & Savings	<u>0.0</u>	<u>-25</u>	<u>-25</u>
Total Policy Changes	0.0	-25	-25
2001-03 Revised Appropriations	11.8	1,768	1,768

Comments:

1. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Employment Security
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	2,151.8	0	426,339
Total Maintenance Changes	0.0	0	10,964
2002 Policy Changes:			
1. Unemployment Insurance Program	0.0	0	1,370
2. Redetermination for FML	0.6	0	156
Total Policy Changes	0.6	0	1,526
2001-03 Revised Appropriations	2,152.4	0	438,829

Comments:

1. Unemployment Insurance Program - The Department receives federal funds for one-time unemployment insurance administrative expenses. These funds will be used to make technology improvements that will reduce the time intake agents are on the phone with a client. Space at the telecenters will be reconfigured to meet the increase in seasonal staff that are needed to respond to expected increases in unemployment insurance claims. The funds will also be used to increase the accuracy of the employer tax system. (Unemployment Compensation Administrative Account-Federal)

2. Redetermination for FML - Funding is provided for the administrative costs of implementing ESHB 2355 which allows for redetermination of unemployment insurance benefits for persons who took unpaid family medical leave. (Unemployment compensation Administrative Account-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Children and Family Services
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	2,354.6	464,802	844,299
Total Maintenance Changes	-1.5	2,047	1,009
2002 Policy Changes:			
1. Violence Reduction and Drug Account	0.0	0	-114
2. Eliminate Incr. Child Placing Slots	0.0	-694	-938
3. Pediatric Interim Care	0.0	-644	0
4. Family Reconciliation Services #	0.0	-1,686	-1,686
5. Crisis Residential Center Assess. #	0.0	-140	-140
6. Eliminate Special Projects	0.0	-406	-406
7. Therapeutic Child Development	0.0	-2,000	-2,000
8. Centralize After Hours Programs	-28.0	-1,206	-1,652
9. Reduce Travel, Equipment, Training	0.0	-737	-1,010
10. DD Parent Participate in Support #	0.0	-690	-812
11. Public Safety and Education Account	0.0	0	-27
12. Reduce Home Support Specialists	-22.0	-625	-625
13. Hold Basic Foster Care at FY 02	0.0	-921	-1,535
14. Vendor Rate Change	0.0	-1,395	-1,819
Total Policy Changes	-50.0	-11,144	-12,764
2001-03 Revised Appropriations	2,303.1	455,705	832,544

Comments:

1. Violence Reduction and Drug Account - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

2. Eliminate Incr. Child Placing Slots - The 2001-03 enacted budget provides funding to increase the number of private child placing agency slots by 15 percent in Fiscal Year 2002 and 30 percent in Fiscal Year 2003. The additional 15 percent increase in child placing slots proposed for Fiscal Year 2003 is eliminated and the level funded in FY 2002 is maintained. (General Fund-State, General Fund-Federal)

3. Pediatric Interim Care - Funding is provided to contract for the care of medically fragile infants and toddlers in need of intensive health care services primarily as a result of substance abuse by their mothers. The program will be changed to meet Medicaid requirements and the state funding reduction will be replaced with federal Medicaid funds. (General Fund-State, General Fund-Federal)

4. Family Reconciliation Services # - The Department will restructure and scale back the Family Reconciliation Services Program. The program will be scaled back by \$1.68 million. It is anticipated that the reduced program will be redesigned to serve a smaller number of families in crisis, targeting families and services most likely to avoid placement of children into foster care.

5. Crisis Residential Center Assess. # - Currently, Crisis Residential Centers (CRC) assessments are underutilized because of the availability of the other assessment options provided by CRC and Family Reconciliation Services staff. The reduction will eliminate the CRC Assessment program.

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Dept of Social and Health Services
Children and Family Services

6. Eliminate Special Projects - AmeriCorps mentoring services to older foster youth in two regions, and a parenting program for families of other cultures are eliminated.

7. Therapeutic Child Development - This program provides families with young children at serious risk of abuse or neglect with intensive child development services and interventions to promote parenting skills. Childcare services are provided to the children for at least four hours each day. Additional services include home visits, parent education, and parent support groups. Funding for the program will be reduced by approximately 25 percent in Fiscal Year 2003 based on reduced provider capacity due to additional contractual requirements already imposed.

8. Centralize After Hours Programs - The After Hours program will be centralized to achieve efficiencies. Services will be co-located to provide intake and some referral services in response to emergency calls received after normal business hours, on weekends and holidays. (General Fund-State, General Fund-Federal)

9. Reduce Travel, Equipment, Training - Expenditures for travel, equipment, training, and conferences will be reduced. (General Fund-State, General Fund-Federal)

10. DD Parent Participate in Support # - Parents of developmentally disabled (DD) children will no longer be exempted from participation in the financial responsibility of having their children in the Children's Administration foster care program. This support will help reduce the cost of foster care. (General Fund-State, General Fund-Federal)

11. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

12. Reduce Home Support Specialists - Home support specialist staff will be reduced by one third. Home support specialist assist families at risk of neglect and abuse with basic skills of homemaking and child care.

13. Hold Basic Foster Care at FY 02 - The basic rate for foster care covers the basic costs of caring for a foster child in a family home. Foster parents are also reimbursed for other costs associated with caring for a foster child. The basic rate was increased to an average of \$420 per month in July 2001. It was scheduled to increase to \$440 in July 2002. This adjustment holds the basic rate at its current level. (General Fund-State, General Fund-Federal)

14. Vendor Rate Change - The implementation of the second year vendor rate increase of 2.3 percent for the Department of Social and Health Services is reduced to a 1.5% increase. (General Fund-State, General Fund-Federal, Public Safety and Education Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Juvenile Rehabilitation
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	1,315.3	170,715	241,095
Total Maintenance Changes	-60.1	-4,452	-4,971
2002 Policy Changes:			
1. Comm Opt for Lower-Risk Offenders	-8.0	-295	-324
2. Restructure Parole Services	-26.7	-1,099	-1,438
3. Comm Trans Options for Youth	-20.7	-1,104	-1,104
4. DNA Database #	0.0	9	9
5. Reduce Employment Services	0.0	-250	-250
6. Diagnostic Services Rate Adjustment	0.0	-315	-315
7. Public Safety and Education Account	0.0	0	-172
8. Closure of Mission Creek Youth Camp	-27.7	-1,452	-1,452
9. Enhanced Mental Health Services	9.9	778	778
10. Violence Reduction and Drug Account	0.0	0	-748
11. Vendor Rate Change	0.0	-185	-319
Total Policy Changes	-73.2	-3,913	-5,335
2001-03 Revised Appropriations	1,182.0	162,350	230,789

Comments:

1. Comm Opt for Lower-Risk Offenders - The Juvenile Rehabilitation Administration (JRA) provides residential services to 263 youth whose offenses would not normally have resulted in a commitment to a JRA institution. JRA will develop less costly residential options in the community to meet the rehabilitation service needs for the lowest risk of these youth. Approximately 80 to 90 lowest risk youth will access alternative residential services, reducing the need for institutional beds. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

2. Restructure Parole Services - Savings are achieved by modifying current parole services to youth after release from Juvenile Rehabilitation Administration (JRA) facilities. Specifically, JRA may take the following steps to improve the effectiveness and cost efficiency of parole services: (1) contract with counties for a greater proportion of parole services; (2) reduce administrative costs related to parole services; (3) reduce the portion of the parole caseload receiving intensive supervision to the statutory required level of 25 percent; (4) provide new research-based interventions to additional youth; (5) increase caseloads of parole counselors; and (6) reduce the number of lower-risk youth receiving parole services. (General Fund-State, General Fund-Federal)

3. Comm Trans Options for Youth - Youth committed to a state juvenile facility receive a standard range sentence, based upon the seriousness of the offense and prior criminal history. Currently, youth serve an average of 145 percent of their minimum sentence. Lower-risk youth will now be released at an average of 115 percent of their minimum sentence. Approximately 270 youth will serve 60 days less, and upon release, the youth will be transitioned to community aftercare monitoring.

4. DNA Database # - Funding is provided for the Juvenile Rehabilitation Administration's costs in implementing SB 6473 (offender DNA database), which expands DNA databanking to additional felony offenders and certain misdemeanants.

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Dept of Social and Health Services
Juvenile Rehabilitation

5. Reduce Employment Services - Funding for employment related training to youth in the Juvenile Rehabilitation Administration (JRA) is reduced. Specifically, a contract with the Employment Security Department's Corrections Clearinghouse program is eliminated. The K-12 system will continue to provide vocational and other job skills training.

6. Diagnostic Services Rate Adjustment - Diagnostic services are provided in 22 community-based centers through contracts with the juvenile courts and in four state offices. The Juvenile Rehabilitation Administration (JRA) will realign the contracted rate paid to counties for diagnostic services to more closely match the costs incurred by the state where JRA provides these same services.

7. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

8. Closure of Mission Creek Youth Camp - Mission Creek Youth Camp will be closed by July 2002 and the institution will be mothballed for future use. This closure will reduce Juvenile Rehabilitation Administration's (JRA) bed capacity by 60 beds. The closure will result in the relocation of these youth to other institutions. The juvenile offender basic training camp staging area will be relocated to an existing institution and will leave JRA with one remaining youth camp.

9. Enhanced Mental Health Services - Funding is provided for increased mental health services in the Juvenile Rehabilitation Administration's (JRA) institutions and community facilities. JRA will combine this funding with the \$1.1 million provided in original 2001-03 biennial budget to: (1) increase inpatient and outpatient treatment capacity; (2) provide mental health protocol training to residential staff; and (3) increase mental health professional staff coverage during evening and night time hours.

10. Violence Reduction and Drug Account - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

11. Vendor Rate Change - Department of Social and Health Services contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (General Fund-State, General Fund-Federal, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Mental Health
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	3,076.2	604,510	1,126,665
Total Maintenance Changes	-23.0	9,280	24,156
2002 Policy Changes:			
1. Discontinue Legal Reimbursements	0.0	-1,814	-1,814
2. Adjust Inpatient Capitation Rates	0.0	-4,551	-9,170
3. Eliminate Mental Health Studies #	0.0	-250	-538
4. Expand Local Match Option for RSNs	0.0	0	11,419
5. Community Services Reductions	0.0	-2,015	-2,027
6. Secure Community Facil Reduction	-2.0	-1,477	-1,477
7. PALS Community Alternatives	-12.6	-351	-76
8. Expand Community Svcs. in E. Wa.	-33.5	-346	-890
9. Reduce Research and Training	0.0	-386	-666
10. Spend Down RSN Reserves	0.0	-16,757	0
11. Siting of Additional Facilities	0.0	600	600
12. Streamline Audit Process	-3.0	-122	-257
13. RSN Administrative Reduction	0.0	-169	-309
14. Vendor Rate Change	0.0	-16	-16
Total Policy Changes	-51.1	-27,654	-5,221
2001-03 Revised Appropriations	3,002.1	586,136	1,145,600

Comments:

1. Discontinue Legal Reimbursements - The original 2001-03 biennial budget provided approximately \$4.3 million per year for costs associated with the Special Commitment Center's (SCC) reimbursement of counties and the Attorney General's Office work on behalf of counties for the legal costs of civil commitment proceedings involving sexually violent predators. The Senate budget assumes that the SCC, the Office of Financial Management, and the counties will develop a methodology for sharing these costs beginning September 1, 2002. Therefore, approximately 50 percent of the total amount of funding for legal costs is removed beginning on this date.

2. Adjust Inpatient Capitation Rates - The capitated amounts paid to the Regional Support Networks (RSN's) for community psychiatric hospitalizations are adjusted to reflect the fact that the 3,500 new disabled individuals, discussed in item 1 above, are very unlikely to be new users of inpatient services. Inpatient capitation payments to the RSN's are already exceeding payments to community hospitals by over 50 percent. If this adjustment were not made, such payments would exceed costs by at least 15 percent more. After this change, total funding for community mental health services will increase by 2.5 percent over the level originally budgeted for the current biennium, and by 6.7 percent over last year's funding level. (General Fund-State, General Fund-Federal)

3. Eliminate Mental Health Studies # - Special funding is eliminated for the study of whether Medicaid enrollment is a valid indicator of the relative need for community mental health services among the Regional Support Networks. This study was mandated in the 2001 appropriations act, in conjunction with the decision to phase-in a new formula for allocating state and federal funding among the RSN's. The department plans to continue the study without these additional resources, through literature reviews and consultation with national experts, but will not be able to conduct the original field research of potentially under-counted populations which was previously planned. (General Fund State, General Fund Federal)

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Dept of Social and Health Services
Mental Health

4. Expand Local Match Option for RSNs - The Mental Health Division is authorized to increase Medicaid payment rates for Regional Support Networks (RSNs) whose allocations would otherwise not increase by at least 3.5 percent above the previous year's level in FY 2002, and by at least 5.0 percent more in FY 2003. To qualify for the higher payment, the RSN must use qualified local funds for the required non-federal share of the Medicaid payment. This is an expansion of a funding mechanism authorized in the original 2001-03 budget. (General Fund-Federal)

5. Community Services Reductions - The atypical anti-psychotic medications pilot project is to be terminated at the beginning of 2002, rather than at the beginning of 2003 as currently budgeted, for a one-time savings of \$1.7 million. The pilot has been operating in Seattle and Tacoma since early 2001 to test the effectiveness of providing atypical anti-psychotic medications for persons who would not otherwise receive them through state medical assistance programs. A similar program which assists persons in need of such medications qualify for them through the Medicaid medically needy program is also eliminated, as are special contracts for children's inpatient services with Fairfax Hospital and the Children's Regional Medical Center. (General Fund-State, General Fund-Federal)

6. Secure Community Facil Reduction - The original 2001-03 budget provided approximately \$2 million for mitigation funding for costs incurred by local governments due to the activities involving residents of the Secure Community Transition Facility (SCTF) on McNeil Island. Approximately \$1.4 million of the mitigation funding is eliminated. The remaining \$600,000 is assumed sufficient to cover any increased local government costs associated with the SCTF on McNeil Island. Pursuant to Chapter 12, Laws of 2001, 2nd Special Session (3ESSB 6151), the department will continue to work towards agreement with impacted jurisdictions. Additionally, the Special Commitment Center has identified two staff positions in FY 2003 at the SCTF that can be eliminated without impacting operations. These reductions are also assumed in this item.

7. PALS Community Alternatives - The Program for Adaptive Living Skills (PALS) at Western State Hospital serves 120 adults who no longer require psychiatric hospital care, but who face a variety of other barriers to community placement. The Senate budget provides approximately \$650,000 for the development of new community services to enable thirty of the program participants to return to community settings during the final six months of the biennium. None of the patients returning to the community will have a criminal history which might constitute a significant risk to public safety. The Senate approach differs from the one proposed by the agency and Governor in that only about half as many persons are expected to leave the hospital; new funding is provided for them to be served in the community; and nine months is provided for the development of community alternatives, rather than five. (General Fund-State, General Fund-Federal)

8. Expand Community Svcs. in E. Wa. - Approximately \$1.1 million is provided for the development of new community services in Eastern Washington, so that twenty-eight persons who would otherwise be served at Eastern State Hospital can instead receive appropriate long-term psychiatric care in the community. This is expected to permit closure of one geriatric psychiatric ward at Eastern State by October 2002. (General Fund-State, General Fund-Federal, General Fund-Private/Local)

9. Reduce Research and Training - The Mental Health Division contracts with the Washington Institute for Mental Illness Research and Training for research and training services. Contract activities not related to the Division's core functions are eliminated. (General Fund-State, General Fund-Federal)

10. Spend Down RSN Reserves - The Regional Support Networks (RSN's) reported \$47 million of accumulated reserves and fund balances at the end of FY 2001, which is about 14% of total revenues for that year. Actuarially-recommended risk reserves vary with the size of the RSN, ranging from 3.7 percent of revenues for the largest RSN to 10 percent of revenues for the smaller ones. The Senate budget directs that RSN fund balances be reduced to the actuarially recommended level. This is to be accomplished by deducting state funding otherwise due the RSN by the difference between the RSN's accumulated December 2001 reserves, and the recommended risk-reserve amount for that year.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Mental Health

11. Siting of Additional Facilities - Funding is provided for planning, incentive, bonus, and mitigation funding associated with the establishing additional Secure Community Transition Facilities, pursuant to SSB 6594 (secure community transition facilities). To the extent necessary, the department shall establish an interagency agreement with the Department of Community, Trade, and Economic Development for distribution of planning grants.

12. Streamline Audit Process - The Mental Health Division has recently improved the efficiency of its centralized clinical licensing and auditing process by agreeing to "deem" community mental health providers which have been certified by national accreditation organizations as meeting state standards. Additional efficiencies can be achieved by establishing similar deeming arrangements for smaller providers which have been inspected and approved by Regional Support Networks which have a demonstrated record of effective clinical review processes. (General Fund-State, General Fund-Federal)

13. RSN Administrative Reduction - Regional Support Networks (RSN's) are expected to reduce administrative expenditures by 3 percent, to no more than 8.0 percent of total state and federal revenues. (General Fund-State, General Fund-Federal)

14. Vendor Rate Change - Department of Social and Health Services contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Developmental Disabilities
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	3,455.9	620,544	1,187,715
Total Maintenance Changes	4.0	6,850	17,161
2002 Policy Changes:			
1. Voluntary Placement Parent Pay #	0.0	-720	-720
2. ARC Lawsuit	14.0	13,200	14,800
3. Freeze Case Manager Hiring	-63.6	-3,267	-5,855
4. Reinstate Caseworker Increase FY03	28.3	1,005	1,801
5. Reduce RHC Staffing	-65.4	-1,413	-2,883
6. Reduce Professional Services	0.0	-357	-357
7. Fund Source Adjustment	0.0	-1,767	0
8. Change MCP Eligibility	0.0	-364	-728
9. Parent Support for Children <18yrs	0.0	-10	-20
10. Respite Bed Funding	0.0	116	232
11. Vendor Rate Change	0.0	-690	-962
Total Policy Changes	-86.7	5,733	5,308
2001-03 Revised Appropriations	3,373.2	633,127	1,210,184

Comments:

1. Voluntary Placement Parent Pay # - Effective July 1, 2002, the Voluntary Placement Program (VPP) for foster care placement will implement a parent pay requirement to help offset the costs for care. Parents will be expected to pay on average \$150 a month, which is about the average collected from foster care parents in the Children's Administration program. This proposal is estimated to impact approximately 400 VPP participants. The Division of Child Support will collect payments and is assumed to have sufficient staff in place to administer the additional casework. (General Fund-State, General Fund-Federal)

2. ARC Lawsuit - The legislature finds that comprehensive reform of the developmental disabilities program is required. Recent audits and litigation indicate a need to improve the quality of program data, strengthen program and fiscal management, and clarify the criteria and determination of eligibility for services. Additional resources are also needed to expand access to community services. Funding is provided to address the most urgent needs while strengthening program and fiscal accountability.

Families are the essential foundation of support for persons with developmental disabilities. Funding is provided to expand access to family support for an additional 3,000 families. Funding is also provided to expanded residential services for an additional 175 clients by the end of the biennium, and an additional 267 clients transitioning from high school to work. New funding for family support and high school transition along with a portion of existing funding for these programs shall be provided as supplemental security income (SSI) state supplemental payments. The legislature finds that providing cash assistance to individuals and families needing these supports promotes self determination and independence. It is the intent of the legislature that the department shall comply with federal requirements to maintain aggregate funding for SSI state supplemental payments while promoting self determination and independence for persons with developmental disabilities in families with low and moderate incomes.

These amounts and the specified expansion of community services, along with funding to hire additional case managers and improved fiscal and waiver management, are intended to be the fiscal component of the negotiated settlement in the pending litigation on developmental disabilities services, ARC v. Quasim. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Developmental Disabilities

3. Freeze Case Manager Hiring - In the 2001-03 budget, the Division received funding to hire 48 new case managers (and support staff) during Fiscal Year 2002. These new staff have not been hired. (General Fund-State, General Fund-Federal)

4. Reinstate Caseworker Increase FY03 - The biennial budget provided funding for additional case managers to oversee the quality of care for persons on the home and community based waiver. Those new positions were frozen last fall. Funding is provided to begin hiring additional case managers in FY 2003. This funding along with funding for the expansion of community services, improvement of fiscal and waiver management, are intended to be the fiscal component of the negotiated settlement in the pending litigation on developmental disabilities services, ARC v. Quasim. (General Fund-State, General Fund-Federal)

5. Reduce RHC Staffing - Residential Habilitation Centers are reduced by a total of 65.4 FTEs in FY03. Direct care staff will not be affected. Positions will be identified in auxiliary services such as custodial, kitchen and administration. (General Fund-State, General Fund-Federal)

6. Reduce Professional Services - Professional services in medical, dental, and sexual therapies primarily for community protection clients are reduced by 10 percent effective July 2002. The number of clients will not be reduced, but the frequency of services offered will be impacted. (General Fund-State)

7. Fund Source Adjustment - Pursuant to the provisions of RCW 43.20A.725 (4)(a) that specifically authorizes the Office of Deaf and Hard of Hearing to award contracts for communications and related services, the Legislature intends the office use funds from the telecommunications relay service excise tax for the office's operational and administrative costs, including operational and administrative costs associated with contracts with regional service centers. (General Fund-State, Telecommunications Device Account-State)

8. Change MCP Eligibility - Medicaid Personal Care is an agency-wide service with uniform eligibility rules. Under current policy, a disabled person with very low-income qualifies for personal care in their own home or in a community residential facility if they have an unmet need for assistance in at least one of ten self-care areas. This policy is to be modified by October 1, 2002 so that persons who require only a minimal amount of assistance in only one area will no longer be eligible for publicly-funded assistance. Persons who require substantial assistance in any area, or minimal assistance in more than one, will continue to be eligible. In the division of developmental disabilities, an estimated 186 persons (1.6% of the projected caseload) currently receiving publicly-funded assistance will no longer qualify under this new standard. To allow them and their case managers time to make alternate arrangements, the savings estimate assumes that changes are not effective until the recipient's next scheduled annual assessment. (General Fund- State, General Fund-Medicaid)

9. Parent Support for Children <18yrs - Effective July 1, 2002, parents with children under 18 years of age in Residential Habilitation Centers are required to contribute towards the costs of care. Parents will be expected to pay on average \$150 a month, which is the average to be collected from parents with children in foster care and the voluntary placement program. (General Fund-State, General Fund-Federal)

10. Respite Bed Funding - Funding is provided to allow greater access to 5 more available respite beds at Yakima Valley School. (General Fund-State, General Fund-Federal)

11. Vendor Rate Change - The implementation of the second year vendor rate increase of 2.3 percent for the Department of Social and Health Services is reduced to a 1.5% increase. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Long-Term Care
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	1,064.2	1,056,818	2,144,082
Total Maintenance Changes	18.2	-25,229	-55,766
2002 Policy Changes:			
1. Raise AAA Case Mgt. Reimbursement	0.0	311	622
2. Adjust Licensing Fees	0.0	-7,558	0
3. Adjust Rates for Fee Increase	0.0	1,064	2,132
4. Don't Implement In-Home Waiver	0.0	-1,224	-2,453
5. Revise Bed Retainer Policy	0.0	-776	0
6. Improve Ancillary Cost Management	0.0	-496	-994
7. Assisted Living Rate Reduction	0.0	-286	-582
8. Modify Personal Care Eligibility	0.0	-2,426	-4,852
9. Transfer Volunteer Programs	-5.6	-135	-135
10. SCSA & OAA Funding Adjustments	0.0	-639	7,159
11. Vendor Rate Change	0.0	-1,710	-3,326
Total Policy Changes	-5.6	-13,875	-2,429
2001-03 Revised Appropriations	1,076.8	1,017,714	2,085,887

Comments:

1. Raise AAA Case Mgt. Reimbursement - The state Department of Social and Health Services contracts with Area Agencies on Aging (AAA's) for case management services on behalf of persons who receive state-funded in-home care. Such services are budgeted at \$78,341 per AAA case manager for FY 02, and at \$80,143 per AAA case manager for FY 03, but the AAA's report that their actual costs are about \$6,500 per case manager higher than those amounts. This item increases the payment rate by about \$1,700 per case manager per year, to approximately the same cost as the state would incur if it were to provide the service directly, rather than under contract with the AAA's. (General Fund-State, General Fund-Medicaid)

2. Adjust Licensing Fees - Nursing home licensing fees are to be increased from their current level of \$127 per year to approximately \$275 per year, so that those fees will fully cover the cost of the licensing and inspection function, as required by RCW 18.51.050. The state nursing home payment rate will be increased to cover the approximately 56 percent of the cost of this increase allocable to Medicaid.

This item also anticipates passage of legislation requiring that adult family home fees cover an increased share of the public cost of licensing and inspecting them. Over a two-year period, the fees are to be increased from the current level of \$50 per home which has been fixed in statute since 1989 to the same rate as applies to boarding homes, currently \$79 per bed.

Approximately \$3.4 million of the GF-S "savings" shown here is in fact a diversion of licensing fees currently deposited into the state general fund. This item anticipates that those fees will instead be deposited directly into an agency local account. This is expected to result in better monitoring of fee levels, to assure that they are in fact covering the appropriate share of costs. (General Fund-State, General Fund-Private/Local)

3. Adjust Rates for Fee Increase - Nursing home Medicaid payment rates are increased by approximately 45 cents per patient day to cover the cost of the increase in licensing fees which is allocable to state-funded residents. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Long-Term Care

4. Don't Implement In-Home Waiver - The 2001 Legislature authorized the Department of Social and Health Services to seek federal authority to provide Medicaid-funded in-home care to up to 200 persons whose incomes are too high to qualify for such services under current rules. The waiver has not yet been approved and no one is being served. In light of the state's budget situation, this program will not be implemented. (General Fund-State, General Fund-Medicaid)

5. Revise Bed Retainer Policy - In January 2001, the DSHS Aging and Adult Services Administration instituted a new policy which more than doubled the amount which a community residential facility is paid when a state-assisted resident is temporarily absent from the facility due to hospitalization or personal reasons. The department is direct to either obtain federal participation in the cost of the new policy, or to revise the policy so that average per-person costs return to the pre-2001 level. (General Fund-State, General Fund-Medicaid)

6. Improve Ancillary Cost Management - Per-person expenditures for ancillary services on behalf of persons receiving state-funded in-home care increased by over 60% between fiscal years 1999 and 2001, and are projected to increase an additional 36% between fiscal years 2001 and 2003. "Ancillary services" include things such as home-delivered meals, personal monitors, environmental modifications, and adult day care. There are no consistent state policies regarding the extent to which such expenditures should be authorized, as evidenced by an almost 90% difference between the four areas of the state with the highest per-person expenditure levels, and the four with the lowest. DSHS is directed to implement management controls sufficient to limit average per-person expenditures to the FY 02 level in FY 03. The FY 02 level is 20% higher than the FY 01 level, but 13% lower than the increase which is otherwise expected to occur in FY 03. (General Fund-State, General Fund-Medicaid)

7. Assisted Living Rate Reduction - In June 1996, the Department of Social and Health Services began requiring facilities to provide larger resident apartments, with additional physical amenities, in order to qualify for a state assisted living contract. At the same time, the Department added approximately \$1,600 per resident per year to the rates of facilities which met the new space requirement through new construction or substantial renovation. Because the supply of such facilities is generally sufficient to meet current client needs, the Governor's budget proposes eliminating this capital add-on, resulting in an approximately 7 percent reduction in state payments to 131 facilities, serving 1,600 publicly-funded residents. As an alternative, the Senate budget provides that the capital add-on will be continued for those facilities presently receiving it, but that the add-on will not be paid to facilities opened or substantially renovated after April 1, 2002. (General Fund-State, General Fund-Medicaid)

8. Modify Personal Care Eligibility - Under current policy, a disabled person with very low-income qualifies for personal care in their own home or in a community residential facility if they have an unmet need for assistance in at least one of ten self-care areas. This policy is to be modified by October 1, 2002 so that persons who require only a minimal amount of assistance in one or more areas will no longer be eligible for publicly-funded assistance. Persons who require substantial assistance in any area will continue to be eligible. An estimated 1,800 persons and families currently receiving publicly-funded assistance will no longer qualify under this new standard. To allow them and their case managers time to make alternate arrangements, the savings estimate assumes that changes are not effective until the recipient's next scheduled annual assessment. As a result of this phase-in delay, state savings from the policy change will be substantially greater in the 2001-03 biennium, estimated at \$12.8 million. (General Fund-State, General Fund-Medicaid)

9. Transfer Volunteer Programs - Direct state administration of the Senior Companion and of the Foster Grandparent programs will end in December 2002. This delayed effective date will allow time for Area Agencies on Aging or private organizations to apply for continued sponsorship of these federally-funded programs. The state will continue to provide sufficient funding for the new sponsors to meet the required federal match. The Senior Companion program provides stipends to over 700 low-income seniors in the Yakima and Tri-Cities areas to perform chores for other eligible and disabled persons. The Foster Grandparent program provides stipends to 270 low-income seniors in eleven areas across the state to offer emotional support to children with special needs. (General Fund-State, General Fund-Federal).

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Long-Term Care

10. SCSA & OAA Funding Adjustments - This item appropriates the additional \$7.8 million of federal Older Americans Act (OAA) funding which Washington's Area Agencies on Aging (AAA's) will be receiving in 2001-03. Such funding increased by 19 percent in federal fiscal year 2001, and by an additional 10 percent in federal fiscal year 2002. This item also discontinues the increase in state funding which was provided to the AAA's in 1996 as part of Washington's "Expanding Community Options" long-term care initiative. The need for such funding has diminished, given the recent increases in federal funding, and the extensive development of community options which has occurred over the past seven years. (General Fund-State, General Fund-Federal)

11. Vendor Rate Change - Department of Social and Health Services contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. Sufficient funds remain in the base budget to continue the 50 cents/hour low-wage worker increase provided on July 1, 2001. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Dept of Social and Health Services

Economic Services Administration

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	4,697.7	861,310	2,249,449
Total Maintenance Changes	-1.8	15,964	19,643
2002 Policy Changes:			
1. Fund Source Adjustment	0.0	-2,092	0
2. GA-U Program Efficiencies	0.0	-1,500	-1,500
3. Feds Resume Food Stamps for Immigr	0.0	-4,500	-4,500
4. Increase SSI Recoveries for GA-U	0.0	-2,670	-2,670
5. Re-program SSI Supplements	0.0	-28,000	-28,000
6. Fund Child Care Caseload Increase	0.0	15,000	15,000
7. Vendor Rate Change	0.0	-289	-473
8. Interpreter Services Efficiencies	0.0	-328	-669
Total Policy Changes	0.0	-24,379	-22,812
2001-03 Revised Appropriations	4,695.9	852,895	2,246,280

Comments:

1. Fund Source Adjustment - The performance of the state's child support enforcement program has exceeded expectations resulting in higher levels of federal funding. These additional federal funds can pay for cost increases for the 2001-03 biennium that previously had been funded with state funds. With this adjustment, the state's funding commitment still exceeds the federally required maintenance of effort level as determined by the average of state spending during fiscal years 1996-98. (General Fund-State, General Fund-Local)

2. GA-U Program Efficiencies - The General Assistance - Unemployable (GA-U) program is reduced to reflect more efficient administration of the program.

3. Feds Resume Food Stamps for Immigr - Funding for the Food Assistance Program for legal immigrants is reduced in anticipation of congress authorizing the resumption of coverage for legal immigrants in the federal food stamp program. President Bush's budget proposal for fiscal year 2003 includes this provision, and support in congress has been expressed by both parties. This adjustment assumes this change will be effective October 2002. The state food assistance program prohibits coverage for persons eligible for the federal program.

4. Increase SSI Recoveries for GA-U - When a GA-U recipient becomes eligible for SSI, they receive a lump-sum payment of benefits back to the date of application for SSI. The state recovers these retroactive benefits and applies them to GA-U payments made to the recipient. The balance of the retroactive benefits is sent to the beneficiary. Federal rules also allow states to apply these retroactive benefits to goods and services provided to the recipient to meet basic needs. This adjustment assumes that the department will begin applying these SSI recoveries to other services provided to the recipient to meet basic needs, such as legal assistance and other support services.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Economic Services Administration

5. Re-program SSI Supplements - Funding is reduced in the economic services budget to support the re-programming of SSI state supplemental payments. Beginning July 2002, state supplemental payments will no longer be provided automatically to all persons receiving a federal SSI benefit. SSI recipients will continue to receive their federal benefits and their federally provided annual cost of living increases each January. Some recipients who are dependent on larger state supplements will be provided a transitional state supplemental benefit. The remaining amount of state supplemental payments required by federal rules will be used to support low and moderate-income families who are struggling to continue to care for children and other relatives with developmental disabilities.

6. Fund Child Care Caseload Increase - Funding is provided for continued caseload growth in subsidized child care. Along with recent reductions in WorkFirst spending, this additional funding is intended to support the rising demand for subsidized child care and help avoid the need to put low income working families on a wait list.

7. Vendor Rate Change - The implementation of the second year of the vendor rate increase of 2.3 percent for the Department of Social and Health Services is reduced to a 1.5% increase. (General Fund-State, General Fund-Federal)

8. Interpreter Services Efficiencies - As an alternative to the proposed elimination of funding for interpreter services in the Medical Assistance program, the Senate budget anticipates that the current method of purchasing interpreter services is replaced with a new "brokerage" model, for all DSHS programs, effective January 2003. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates, and also from better service coordination and utilization review. Department-wide savings from this approach are estimated at \$1.1 million GF-S during the last sixmonths of the current biennium, and at \$4.6 million in 2003-05. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Alcohol & Substance Abuse
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	102.9	76,985	235,646
Total Maintenance Changes	0.0	57	16
2002 Policy Changes:			
1. Violence Reduction and Drug Account	0.0	0	-1,038
2. Public Safety and Education Account	0.0	0	-381
3. Involuntary Treatment Beds	0.0	-800	-800
4. Substance Abuse Treatment Reduction	0.0	-1,400	-1,400
5. Treatment for Compulsive Gambling	0.0	0	500
6. Reduce & Consolidate TASC	0.0	-864	-864
7. Vendor Rate Change	0.0	-505	-835
Total Policy Changes	0.0	-3,569	-4,818
2001-03 Revised Appropriations	102.9	73,473	230,844

Comments:

1. Violence Reduction and Drug Account - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

2. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

3. Involuntary Treatment Beds - The opening of the chemical dependency involuntary treatment facility in Eastern Washington has been postponed due to delays in acquisition and licensing. The facility is now scheduled to open in March of 2002. This reduces the Department's costs for the new facility in Fiscal Year 2002 by \$800,000.

4. Substance Abuse Treatment Reduction - Gravely disabled individuals are people in danger of serious physical harm resulting from a failure to provide for their essential human needs of health or safety which manifests in severe deterioration in routine functioning, or are a high user of treatment services and other resources. Additional substance abuse treatment capacity for gravely disabled individuals, that was provided for in the 2001 legislative session, is eliminated for FY 2002, but maintained for FY 2003.

5. Treatment for Compulsive Gambling - One-time funding is provided for treatment of pathological gambling and training of pathological gambling treatment providers pursuant to Second Substitute Senate Bill 6560, "Shared Game Lottery." To receive treatment under this program, a person must be amenable to treatment and unable to afford it. The department shall contract with qualified treatment providers who will determine eligibility for state funded treatment within department guidelines. The department shall report to the Legislature a plan to implement this program by September 1, 2002. The department shall track program participation and client outcomes and summarize them in a report to the Legislature by November 1, 2003. (Violence Reduction and Drug Enforcement Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Alcohol & Substance Abuse

6. Reduce & Consolidate TASC - The Treatment Accountability for Safe Communities (TASC) program is reduced by 25 percent in FY 2003. The department shall implement this reduction in such a way that allows for a consolidation of remaining TASC funding with drug court funding by or before fiscal year 2004. The intent is to provide consolidated state support for drug court and TASC services that have the greatest success in diverting offenders into successful treatment and recovery.

7. Vendor Rate Change - The implementation of the second year of the vendor rate increase of 2.3 percent for the Department of Social and Health Services is reduced to a 1.5% increase. (General Fund-State, General Fund-Federal, Public Safety and Education Account, Violence Reduction and Drug Enforcement Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Medical Assistance Payments
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	943.9	2,159,789	7,125,957
Total Maintenance Changes	0.0	90,719	77,866
2002 Policy Changes:			
1. Vendor Rate Incr-Select Providers	0.0	4,182	8,007
2. Don't Implement In-Home Waiver	0.0	-314	-630
3. Vendor Rate Change	0.0	-4,171	-9,404
4. Increase Discount on AWP	0.0	-10,219	-20,113
5. OPPS Rate Reduction	0.0	-1,061	-2,125
6. Direct Legal Immigrants to BHP	0.0	-8,925	-8,925
7. Direct Undocumented Children to BHP	0.0	-12,123	-12,123
8. Maternity Support Services	0.0	-8,602	0
9. Interpreter Services Efficiencies	0.0	-728	-1,750
10. Transfer COBRA Insurance Coverage	0.0	-3,203	-3,203
Total Policy Changes	0.0	-45,164	-50,266
2001-03 Revised Appropriations	943.9	2,205,344	7,153,557

Comments:

1. Vendor Rate Incr-Select Providers - The state Medical Assistance program pays primary care providers substantially less than either the federal Medicare program, or private insurance. This is particularly the case for services to adults, for which payments are lower than for comparable pediatric and maternity services. For example, in calendar year 2000, Medicaid paid only about 53 percent as much as private insurers for an adult office visit, and only about 62 percent as much as Medicare. This is reportedly creating substantial financial problems for physician practices across the state, and resulting in Medical Assistance recipients delaying necessary care, or seeking it in emergency rooms. Ambulance operators also report that Medical Assistance rates are substantially below their costs, creating significant financial problems for their operations, and cost-shifts to other payers.

To address these concerns, the Senate budget provides for (1) an approximately 5 percent increase in average Medical Assistance payment rates for physician-related services to adults; and (2) a 25 percent increase in ambulance payment rates. Both types of increase would be targeted toward procedures with the greatest need, as evidenced by access problems and difference from prevailing-rate benchmarks, rather than distributed on an across-the-board basis. Both increases would be effective January 1, 2003, and so cost more than four times the amount shown here to continue next biennium.

The funding level shown here differs from the agency proposal in that (1) it corrects an apparent 100 percent under-estimate by the agency of the cost of the increase for fee-for-service physicians; (2) it does not provide for an increase in the physician rates paid through managed care providers, since a study published by the department last year indicates that those rates are over 40 percent higher than adult fee-for-service rates; (3) it assumes a 25 percent increase in ambulance payment rates, to 26 percent of billed charges, rather than the 150 percent increase (to 50 percent of billed charges) proposed by the agency; and (4) it does not charge the entire cost of the increase to the Health Services Account, since such an approach would make it expensive, if not impossible, to appropriately account for, forecast, and budget that funding source in the future. (General Fund-State, Health Services Account-State, General Fund-Federal)

2. Don't Implement In-Home Waiver - The 2001 Legislature authorized the Department of Social and Health Services to seek federal authority to provide Medicaid-funded in-home care to up to 200 persons whose incomes are too high to qualify for such services under current rules. The waiver has not yet been approved and no one is being served. In light of the state's budget situation, this program will not be implemented. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Medical Assistance Payments

3. Vendor Rate Change - Department of Social and Health Services contractors will receive a 1.5 percent vendor rate increase in July 2002, rather than a 2.3 percent increase as originally budgeted. (General Fund-State, General Fund-Federal, Health Services Account)

4. Increase Discount on AWP - The "AWP", or "average wholesale price", is the list price assigned to a drug by its manufacturer. However, manufacturers typically sell the drug to wholesalers and retailers for substantially less than this list price, and most third-party payers in turn pay participating pharmacies for drug costs at a discounted percentage of the AWP. Washington's Medical Assistance program has for a number of years paid 89% of the AWP for single-source drugs, and 89% of the AWP of the third-lowest priced generally available label for generics.

A recent study by the federal Office of the Inspector General (OIG) concluded that pharmacies in Washington are in fact paying an average of only about 79% of the AWP for single-source drugs, and 35% of the AWP for generics. The Governor's budget proposes to reduce the Medical Assistance program's payments to pharmacies to those levels.

As an alternative, the Senate budget anticipates that the Medical Assistance program will pay 86% of the AWP for single-source drugs, and 50% of AWP for drugs for which there are multiple generic versions. Such rates are comparable to and competitive with those paid by the Uniform Medical Plan, and other major insurers. The Senate budget further anticipates that the Medical Assistance program will begin providing a mail-order pharmacy option for its clients no later than January 2003. This will result in a substantial discount on drug prices for taxpayers, and increased convenience for elderly and disabled recipients with chronic conditions. (General Fund-State, General Fund-Federal)

5. OPPTS Rate Reduction - The outpatient prospective payment system is an incentive-based payment mechanism which pays for a "bundle" of procedures typically associated with a particular condition, rather than for each specific procedure. Implementation is expected to reduce Medicaid outpatient expenditures by approximately 6 percent, but has been delayed since April 2000 in order to minimize the burden on hospitals by assuring that the state system is consistent with the one required by the federal Medicare program. Implementation is now not expected until April 2004. To compensate for this, an across-the-board reduction in outpatient rates is to be implemented effective July 1, 2002, to approximate the savings which would occur had the system not been repeatedly delayed. (General Fund-State, General Fund-Federal)

6. Direct Legal Immigrants to BHP - The 1996 federal welfare and immigration reform legislation made some legal immigrants entering the country after 1996 ineligible for Medicaid for a five-year period. Washington's response was to use "state-only" funding to provide such families with the same level of medical coverage as they would receive if they qualified for the state/federal Medicaid program. The Senate budget anticipates that such coverage is terminated effective October 2002. The approximately 2,400 adults and 1,900 children affected by this termination will instead be eligible to enroll in some of the new Basic Health Plan slots available as a result of the passage of Initiative 773. As required by federal law, those who do not obtain coverage through the BHP or other sources will continue to qualify for Medicaid coverage for emergency conditions.

7. Direct Undocumented Children to BHP - Under RCW 74.09.415, the state uses "state-only" funds to provide the same level of medical and dental coverage to children who are not in the country legally, and whose families have incomes below 100 percent of the federal poverty level, as the children would receive if they qualified for Medicaid. The Senate budget anticipates that this statute is repealed, and the state-only coverage is terminated effective October 2002. The children will be eligible to enroll in the additional Basic Health Plan slots which are available as a result of the passage of Initiative 773. As required by federal law, those who do not enroll in the BHP or obtain other insurance coverage will continue to be eligible for Medicaid coverage of emergent conditions.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Medical Assistance Payments

8. Maternity Support Services - Maternity Support Services (MSS) are preventive health services for pregnant/post-pregnancy women which include a needs assessment, education, and intervention or counseling provided by an interdisciplinary team comprised of a community health nurse, a nutritionist, and a psycho-social worker. MSS components also include childbirth education and authorization of First Steps Childcare for clients' medical appointments, labor and delivery, and physician-ordered bed rest. By improving care during pregnancy for women with high risk of low birth weight or other complications, cost for neo-natal care is significantly reduced.

Initiative 773 directs that \$5 million per year in Fiscal Year 2003 and Fiscal Year 2004 is to be expended upon programs which address conditions that disproportionately affect low income persons. Funding for the maternity support program is therefore transferred from the General Fund to the Health Services Account. (General Fund-State, Health Services Account)

9. Interpreter Services Efficiencies - As an alternative to the proposed elimination of funding for interpreter services in the Medical Assistance program, the Senate budget anticipates that the current method of purchasing interpreter services is replaced with a new "brokerage" model by January 2003, for all DSHS programs. Under the brokerage model, DSHS will contract at a specified rate with any qualified individual or agency, and will also contract with intermediaries who will schedule and link interpreters with clients and service providers. This is expected to result in savings both from lower hourly payment rates, and also from better service coordination and utilization review. Department-wide savings from this approach are estimated at \$2.6 million during the last six months of the current biennium, and at \$5.4 million in 2003-05. (General Fund-State, General Fund-Federal)

10. Transfer COBRA Insurance Coverage - Effective July 1, 2002, the Evergreen Health Insurance Program (EHIP), currently managed by DSHS under RCW 74.09.757, is transferred to the Department of Health (DOH). DOH will combine EHIP with other services to people with HIV/AIDS to create a single streamlined education, prevention, early intervention, and health insurance program.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Vocational Rehabilitation
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	337.1	21,089	105,187
2002 Policy Changes:			
1. Transfer to Services for the Blind	0.0	-406	-1,909
2. Phase Out Extended Support Services	0.0	-163	-163
Total Policy Changes	0.0	-569	-2,072
2001-03 Revised Appropriations	337.1	20,520	103,115

Comments:

1. Transfer to Services for the Blind - The Division of Vocational Rehabilitation (DVR) and the Department of Services for the Blind (DSB) have agreed to assign 14 percent of the annual federal vocational rehabilitation grant to DSB, rather than 12 percent as in the past. This results in an allocation between the two programs more consistent with national averages, and is expected to enable DSB to avoid the "order of selection" waiting lists under which DVR has operated since fall 2000. Reduction of DVR's federal allocation results in a corresponding reduction in the amount of state general funds needed to match the federal grant. The DSB will be able to match the additional federal revenues without an increase in its state general fund appropriation because of an interagency agreement with the School for the Blind. (General Fund-State, General Fund-Federal)

2. Phase Out Extended Support Services - The Extended Support Services program provides subsidized sheltered employment for 89 adults whose cognitive and/or physical impairments and life experiences have prevented them from obtaining permanent employment in the regular workforce. As an alternative to elimination of the program July 1, 2002, the Senate budget provides for it to be phased out over the course of the following year. This will provide families and case managers additional time to find alternative ways for the affected individuals to productively spend the workday.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Administration/Support Svcs
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	703.6	59,813	111,185
Total Maintenance Changes	3.3	75	88
2002 Policy Changes:			
1. IT Systems Streamlining	0.0	-1,503	-2,503
2. Administrative Reductions	-42.5	-5,547	-7,987
Total Policy Changes	-42.5	-7,050	-10,490
2001-03 Revised Appropriations	664.4	52,838	100,783

Comments:

1. IT Systems Streamlining - Information technology efficiencies will be achieved by centralizing purchasing and support functions that will result in greater economies of scale. In addition, a planned mainframe system change achieves savings by using existing technology platforms.

2. Administrative Reductions - The department shall implement reductions in administrative expenditures that achieve ongoing savings, reduce duplicative and redundant work processes, and, where possible, eliminate entire administrative functions and offices. The department may transfer amounts among sections and programs to achieve these savings provided that reductions in direct services to clients and recipients of the department shall not be counted as administrative reductions. The department shall report to the appropriate committees of the legislature a spending plan to achieve these reductions by July 1, 2002, and shall report actual achieved administrative savings by December 1, 2002. (General Fund-State, General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Dept of Social and Health Services
Information System Services
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	165.3	0	0
Total Maintenance Changes	-4.0	0	0
2001-03 Revised Appropriations	161.3	0	0

Comments:

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Columbia River Gorge Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	9.8	789	1,538
2002 Policy Changes:			
1. Efficiencies and Savings	<u>0.0</u>	<u>-12</u>	<u>-12</u>
Total Policy Changes	0.0	-12	-12
2001-03 Revised Appropriations	9.8	777	1,526

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Department of Ecology**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,483.8	91,114	326,336
2002 Policy Changes:			
1. U.S. v. Washington (State Culverts)	0.0	16	44
2. Agricultural Burning Costs	0.0	0	300
3. Administrative Reduction	-40.7	-1,164	-2,849
4. Drought Response Reduction	-3.0	0	-3,000
5. Stream Gauging Fund Shift	0.0	-500	0
6. Wetland Mitigation Banking	-1.0	-70	-70
7. Reduce Auto Emission Program	-4.0	-711	-711
8. Air Quality Program	-5.7	-400	-400
9. Aquatic Pesticides Shift to Fees	0.0	-359	0
10. Limit Rescue Tug to 200 Days	0.0	-348	-348
11. Ground Water Data System	0.0	0	125
12. Litter Prevention Campaign	0.0	0	500
13. Loan Tracking System	0.0	0	583
14. Watershed Grants & Assistance	0.0	-11,900	-2,900
15. Salmon Recovery Office	-1.0	-82	-82
16. Forest Management	-5.0	-200	-200
17. Hanford Liaison	0.0	-170	0
18. Contaminated Sediments	0.0	-362	0
19. Salmon Recovery Monitoring	-1.3	-182	-182
20. Stormwater Phase 2	0.0	-600	0
21. SEPA Technical Assistance	-1.0	-150	-150
22. Shoreline Management	-2.0	-180	-180
23. Willapa River TMDL	0.0	0	200
24. Oil Spill Financial Responsibility	2.4	0	168
25. Permit Assistance Center #	-7.0	-580	-580
26. Septic Management Strategy	0.0	0	175
27. Water Strategy 2002 Legislation #	0.5	364	364
28. Regional Water Initiative	0.0	0	690
Total Policy Changes	-68.8	-17,578	-8,503
2001-03 Revised Appropriations	1,415.0	73,536	317,833

Comments:

1. U.S. v. Washington (State Culverts) - The Senate budget provides funding for the state's role in the United States v. Washington (State Culverts) litigation. (General Fund-State, Water Quality Permit Account, Water Quality Account)

2. Agricultural Burning Costs - The Senate budget provides funding for Ecology to comply with the direction of the court regarding the public health impacts associated with cereal grain burning. Funding is provided for Ecology to complete a health assessment to better quantify human health impacts, improve ambient monitoring and smoke management, and carry out other tasks outlined in a recent settlement agreement. Existing fund balance will support these one-time activities. (Air Pollution Control Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Ecology

3. Administrative Reduction - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

4. Drought Response Reduction - The unexpended balance from the State Drought Preparedness Account is transferred back into the state General Fund. (State Drought Preparedness Account)

5. Stream Gauging Fund Shift - The enhanced streamflow monitoring activities funded in the biennial budget is shifted from the state General Fund to the State Drought Preparedness Account and the Salmon Recovery Account. (General Fund-State, State Drought Preparedness Account, Salmon Recovery Account)

6. Wetland Mitigation Banking - The Senate budget eliminates funding for 1 FTE from staff of 6 working on wetlands mitigation banking.

7. Reduce Auto Emission Program - The emission testing program is downsized to fit the revenue from a statutorily-reduced population of vehicles being tested.

8. Air Quality Program - Vacancies in the air program allow for additional savings to be taken.

9. Aquatic Pesticides Shift to Fees - State General Fund activities related to aquatic pesticides permitting are shifted to the Water Quality Permit Account. Adequate fund balance and revenue is projected in this account to allow for this permanent transfer. (General Fund-State, Water Quality Permit Account)

10. Limit Rescue Tug to 200 Days - The contract for the Neah Bay rescue tug is reduced from 222 to 200 days during fiscal year 2002. This reduction conforms with the 2001-03 omnibus budget proviso regarding the rescue tug. Funding for "other safety tug services" for emergency (preventative) tug contracting in Puget Sound is eliminated.

11. Ground Water Data System - Funding is provided to upgrade the Ecology data system used to track and manage well drilling information. This system will be updated to provide data on water wells (location, driller licensing, unique well number, size, etc.) via the Internet. Updating and modernizing the Well Drilling Information System will assist local watershed planning units, local government and Ecology in managing water resources. (Reclamation Account)

12. Litter Prevention Campaign - Funding is provided to expand a multi-media litter prevention campaign. (Waste Reduction, Recycling and Litter Control Account)

13. Loan Tracking System - Funding is provided to develop and implement an automated loan tracking system. The system will track current and future loan portfolio and support long-term loan account administration, revenue tracking and forecasting, and loan activity reporting and analysis. (Water Pollution Control Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Ecology

14. Watershed Grants & Assistance - The Department of Ecology's watershed planning grant funding is shifted from the state General Fund to the Water Quality Account. Watershed planning grants are provided to local planning units to address water quantity, water quality, and habitat issues. Ecology is to provide technical assistance from within the appropriation. The Department will apply to the Salmon Recovery Funding Board for resources to fund instream flow components of watershed plans. (General Fund-State, Water Quality Account)

15. Salmon Recovery Office - Funding is eliminated for an Ecology position in the Governor's Salmon Recovery Office.

16. Forest Management - Staffing is reduced for work on a Memorandum of Agreement with the Forest Service to improve water quality on federal forest lands.

17. Hanford Liaison - Funding is shifted from the state General Fund to the State Toxics Control Account for a Congressional liaison position. (General Fund-State, State Toxics Control Account)

18. Contaminated Sediments - Funding is shifted from the state General Fund to the State Toxics Control Account for contaminated sediment clean-up. (General Fund-State, State Toxics Control Account)

19. Salmon Recovery Monitoring - Funding for monitoring activities associated with salmon recovery is eliminated. The Senate budget assumes the Department will apply to the Salmon Recovery Funding Board to fund these activities.

20. Stormwater Phase 2 - Funding is shifted from the state General Fund to the State Toxics Control Account for activities associated with implementation of Stormwater Phase II rules. (General Fund-State, State Toxics Control Account)

21. SEPA Technical Assistance - Funding for the Department's State Environmental Policy Act document management, technical assistance and streamlining is reduced. 1 FTE from a staff of 9 working on SEPA is eliminated.

22. Shoreline Management - Funding for the Department's shoreline planning and technical assistance is reduced. 2 FTEs from a staff of 14 are eliminated.

23. Willapa River TMDL - Funding is provided for the Department of Ecology to contract with Pacific County for development of the Willapa River total maximum daily load (TMDL). (Water quality account)

24. Oil Spill Financial Responsibility - The Senate budget provides funding to implement the economic analysis and rulemaking provisions of 2SSB 5909 relating to financial responsibility requirements for vessels and facilities. Ongoing costs are to be limited to one FTE beginning in fiscal 2005. (State Toxics Control Account)

25. Permit Assistance Center # - The permit assistance center is transferred to the Governor's office under E2SHB 2671.

26. Septic Management Strategy - A one-time fund balance is provided for Ecology to create a stakeholder advisory committee to develop a statewide septic strategy. The strategy will address septic permit requirements, changes to existing rules, clarification of state and local responsibilities, technical assistance needs, and fee structure changes that are necessary to support the program in future biennia. (Biosolids Permit Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Ecology

27. Water Strategy 2002 Legislation # - Funding is provided for a series of studies to continue the policy discussions on water strategy. The study topics include: federal and Indian reserved water rights, alternatives for resolving water disputes, streamlining the water right general adjudication process, conducting negotiations with other states and Canada and improving the administration of water right records. Funding is also provided for the Governor's water advisor from May 2002 through June 2003.

28. Regional Water Initiative - Regional water issues in the Columbia River, Central Puget Sound and Spokane-Rathdrum Prairie Aquifer Regions are providing barriers to effective land use and water management solutions. The Columbia River Regional Water Initiative will be further implemented (\$450,000) by providing stakeholder facilitation, processing water rights applications from the Columbia River, and creating a national science panel to evaluate the adequacy of information for making instream flow decisions. A regional water management program for the Central Puget Sound Region will be developed (\$240,000). (Water Quality Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State Parks and Recreation Comm
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	665.6	65,164	100,639
2002 Policy Changes:			
1. San Juan Island Parks	1.0	157	225
2. Reservation System Savings	0.0	-105	-105
3. U.S. v. Washington (State Culverts)	0.0	22	22
4. Parks Maintenance	-2.0	-500	-500
5. Forest Road Inventory	0.0	-200	0
6. Sno-Park Compliance	0.0	0	-1
7. Better Financial Information	0.0	0	115
8. Emergency Phone Service	0.0	0	94
9. Computer Compatibility	0.0	0	90
10. Efficiencies and Savings	-18.8	-874	-1,322
11. Temporary Park Closure	-20.0	-1,400	-1,400
12. Return Parks to Owners	-4.2	-300	-300
13. Non-motorized Winter Recreation	0.0	0	300
14. Criminal History Background Checks	0.0	36	36
Total Policy Changes	-44.0	-3,164	-2,746
2001-03 Revised Appropriations	621.6	62,000	97,893

Comments:

1. San Juan Island Parks - Funding is provided for the Commission to assume ownership and management of sites closed by the Department of Natural Resources in the San Juan Islands (Griffin Bay, Upright Channel, Obstruction Pass, and Pt. Doughty). State Parks will also resume management of three State Parks facilities (Blind Island, James Island, and Doe Island) previously managed by DNR. (General Fund-State, Parks Renewal and Stewardship Account)

2. Reservation System Savings - On October 1, 2001, the State Parks' on-line reservation system was switched from the Oregon Parks and Recreation Department to Camis, a Canadian call center provider. Cost savings have been realized due to this successful negotiation.

3. U.S. v. Washington (State Culverts) - The Senate budget provides funding for the state's role in the United States v. Washington (State Culverts) litigation.

4. Parks Maintenance - During the 2001 legislative session, State Parks received \$4 million in funding to address a deferred maintenance back-log. Ongoing funding is reduced to \$1.5 million per year.

5. Forest Road Inventory - The Parks forest road inventory project is shifted from the state General Fund to the Salmon Recovery Account. This project is currently evaluating, surveying and mapping all forest roads on state park lands to determine future actions needed to protect salmon and water quality. (General Fund-State, Salmon Recovery Account)

6. Sno-Park Compliance - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

State Parks and Recreation Comm

7. Better Financial Information - Funding is provided to develop information to strengthen management decisions by capturing financial data across numerous cost centers. (Parks Renewal and Stewardship Account)

8. Emergency Phone Service - Funding is provided for State Parks to re-install pay phone service at 26 parks, using local providers when possible. (Parks Renewal and Stewardship Account)

9. Computer Compatibility - Funding is provided for State Parks to contract with the Department of Information Services to upgrade its current computer systems and manage future computer needs. (Parks Renewal and Stewardship Account)

10. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

11. Temporary Park Closure - State Parks will assess facility attributes and close between 16 and 20 parks at least through the 2003-05 biennium.

12. Return Parks to Owners - State Parks will assess whether to continue operating facilities owned by others, such as Public Utility Districts, counties, the U.S. Army Corps of Engineers, and the Bureau of Reclamation. If the owners are unable to pay for State Parks' operating costs, operation of the parks will be returned to the owners.

13. Non-motorized Winter Recreation - A good snow season in 2001-2 has increased revenue to the Winter Recreation Account and allows more non-motorized Sno-Park grooming and clearing of snow from parking lots. (Winter Recreation Account)

14. Criminal History Background Checks - One time funding is provided to purchase equipment and software to enable State Parks staff to connect to the FBI's fingerprint record identification system through the Washington State Patrol.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Interagency Comm for Outdoor Rec
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	23.4	788	14,235
2002 Policy Changes:			
1. Statewide Monitoring Strategy	0.0	-500	0
2. Biodiversity Conservation Strategy	0.0	49	49
Total Policy Changes	0.0	-451	49
2001-03 Revised Appropriations	23.4	337	14,284

Comments:

1. Statewide Monitoring Strategy - Funding for the state General Fund portion of the statewide monitoring strategy is shifted to the Salmon Recovery Account. (General Fund-State, Salmon Recovery Account)

2. Biodiversity Conservation Strategy - Funding is provided for IAC to convene and facilitate a biodiversity conservation committee to develop recommendations for a state biodiversity program.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Environmental Hearings Office
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	8.0	1,693	1,693
2002 Policy Changes:			
1. Efficiencies and Savings	<u>0.0</u>	<u>-25</u>	<u>-25</u>
Total Policy Changes	0.0	-25	-25
2001-03 Revised Appropriations	8.0	1,668	1,668

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State Conservation Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	15.5	4,403	8,142
2002 Policy Changes:			
1. CREP Technical Assistance	0.0	-100	-100
2. Efficiencies and Savings	-1.0	-31	-71
3. Limiting Factors Analysis	0.0	0	-1,601
Total Policy Changes	-1.0	-131	-1,772
2001-03 Revised Appropriations	14.5	4,272	6,370

Comments:

1. CREP Technical Assistance - Technical assistance grants to Conservation Districts will be reduced by an average of \$1,600 dollars per district qualified to receive Conservation Reserve Enhancement Program technical assistance grants.

2. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

3. Limiting Factors Analysis - Funding for Limiting Factors Analysis is eliminated. The Conservation Commission will apply to the Salmon Recovery Funding Board to fund this activity. (Water Quality Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Dept of Fish and Wildlife**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,581.5	102,362	296,637
Total Maintenance Changes	0.0	72	132
2002 Policy Changes:			
1. Enforcement Reductions and Savings	-6.5	-822	-822
2. Hatchery and Production Elimination	-5.0	-578	-578
3. Print Shop Elimination	-3.6	-280	-280
4. Resource Program Reductions	-5.6	-512	-512
5. Public Safety and Education Account	0.0	0	-16
6. Salmon Recovery Reallocation	0.0	-1,612	0
7. Puget Sound Action Plan Reductions	-2.0	-143	-143
8. Resource Program Fund Shifts	0.0	-1,064	0
9. U.S. v. Washington (Culverts)	0.0	111	111
10. Enforcement Staff Settlement	0.0	0	400
11. Retirements	0.0	-88	-88
12. Critical Wildlife Disease Testing	0.0	0	180
13. Lake Whatcom Kokanee	0.0	0	200
14. Emergency Fire Costs	0.0	0	148
15. Regional Fisheries Enhancement	0.0	0	429
16. Governor's Salmon Team	-2.0	-173	-173
17. PHS Implementation	0.0	-80	-80
18. Regional Salmon Recovery Planning	0.0	0	-1,000
19. ALEA Fish Management Reduction	-6.0	0	-961
20. Coordinate Salmon Recovery Grants	0.0	-3,250	-3,250
21. Salmon Recovery Monitoring	-15.7	-1,100	-1,100
22. Construction Crew Consolidation	-7.0	-500	-500
23. Watershed Technical Assistance	-2.0	-200	-200
24. SSHEAR Cost Recovery	0.0	-664	-664
25. Efficiencies and Savings	-34.6	-1,522	-2,390
26. HPA Advisory Group	0.0	62	62
27. JLARC Fish Program Review	0.0	75	75
Total Policy Changes	-90.0	-12,340	-11,152
2001-03 Revised Appropriations	1,491.5	90,094	285,617

Comments:

1. Enforcement Reductions and Savings - One permanent position will be eliminated. Current and anticipated vacancies within the Department's Enforcement program will remain unfilled until the start of the 2003-05 Biennium.

2. Hatchery and Production Elimination - The Senate budget closes the McAllister Creek and Sol Duc hatcheries and reduces chum production across the state.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Dept of Fish and Wildlife

3. Print Shop Elimination - Savings will occur from the closure of the Department's Graphics and Print Shop as well as a reduction of information systems expenditures. The Graphics and Print Shop provides internal design and production of Department pamphlets, technical reports, instructional materials, flyers, brochures, posters, newsletters, slides, maps, forms, legislative materials, etc. The Department will utilize the State Printer or an outside contractor for these services. Information systems will defer the purchase of equipment and/or delay the purchase of contracted services that may include network monitoring, document scanning, network and database file servers, migration of legacy data and migration to Microsoft Office.

4. Resource Program Reductions - The Regional Lands Manager for Region 2 will be eliminated through consolidation of regional management within Regions 2 and 3. Half of an FTE position that provides public information will also be eliminated. Departmental property management will be reduced on agency lands. Pilot projects relating to fish screen, fishway, and fish passage barrier assessments for landowners seeking Endangered Species Act (ESA) cooperative compliance agreements will be reduced from four to three. One-half FTE position relating to shellfish policy coordination, development and policy analysis and one-half FTE position relating to shellfish and salmon fishery management will be eliminated. A support position related to steelhead data management will be reduced.

5. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

6. Salmon Recovery Reallocation - Funding for one-time activities supporting salmon recovery will be shifted from the state General Fund to the Salmon Recovery Account. Activities include Forest Roads Management Plans, Pacific Salmon Coastal License Buyback and the Lower Skykomish Habitat Conservation Plan. (General Fund-State, Salmon Recovery Account)

7. Puget Sound Action Plan Reductions - Data collection, contaminant monitoring and technical assistance activities for the Puget Sound Water Quality Action Plan are reduced or eliminated to achieve state General Fund savings. Annual contaminant monitoring of marine fish will be replaced by biennial monitoring. Two positions supporting soundwide and local technical assistance will be eliminated reducing the amount of departmental input to state, federal and local governments, citizen groups and processes.

8. Resource Program Fund Shifts - Funding for Dusky Goose hunting is shifted from the state General fund to federal funding to maintain current opportunities and the number of hunting days. Resident native non-game fish management and stock assessment activities are shifted to a federal funding source for one year. The substitution of funding sources will affect data entry of native non-game species. ESA take permits for activities related to federal hatcheries, fisheries, and research activities are shifted from the state General Fund to federal funding sources available for one year. Partial Habitat program funding as well as a resident game fish manager is shifted from the state General Fund to the State Wildlife Account. (General Fund-Federal, State Wildlife Account-State)

9. U.S. v. Washington (Culverts) - The Senate budget provides funding for the state's role in the United States v. Washington (State Culverts) litigation.

10. Enforcement Staff Settlement - Funding is provided to fully compensate eligible union members for overtime back pay. During the 1997-99 Biennium, the Department eliminated overtime compensation for the Enforcement Program as part of the response to the agency's fiscal situation. The Sergeant's Union filed and won their grievance with the Department and was awarded overtime back pay. (State Wildlife Account-State)

11. Retirements - The Senate budget eliminates base funding of \$88,000 GF-S in fiscal year 2003 which the Department uses to supplement retirements. Retiring employee sick/annual leave buy-out is available on a first come-first served basis from this base funding. Co-incident with retirement buy-out, the Department has rehired 15 retired employees in the 2001-03 biennium and are paying salaries and benefits ranging from \$664,000 to \$936,000 for the biennium.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Dept of Fish and Wildlife

12. Critical Wildlife Disease Testing - Chronic Wasting Disease (CWD) has been documented in free ranging deer and elk in several states and provinces although no cases have been confirmed in Washington. Furthermore, nearly one-third of a local trumpeter swan population in Whatcom County was killed by an unknown source of lead shot poisoning. In order to stop the continued demise of trumpeter swans and to determine the status of CWD in Washington State. Funding is provided for the Department to conduct a study and implement steps to control and clean up affected areas and diseased animals. (State Wildlife Account-State)

13. Lake Whatcom Kokanee - The Department and tribes have begun implementing a plan to restore anadromous fish passage above a barrier in the middle fork of the Nooksack River. Once passage is achieved, the water supply to Lake Whatcom will be contaminated with fish pathogens and thus prevent transfer of the current disease-free kokanee eggs to other watersheds in the state. Funding is set aside for the Department to investigate the feasibility of and to initiate actions to establish a viable kokanee brood program at an alternative location. (State Wildlife Account-State)

14. Emergency Fire Costs - Funding is provided to pay for fire suppression costs during the 2001 fire season. Special appropriations to the Governor provides \$60,000 to the department for fire suppression costs. (Wildlife Account-State)

15. Regional Fisheries Enhancement - The Puget Sound Recreational Enhancement Program and the Regional Fishery Enhancement Program provide financial assistance to regional and recreational fisheries enhancement groups to participate in enhancing the state's salmon population including salmon research, increased natural and artificial production, and habitat improvement. Additional funding will allow these groups to complete additional enhancement and habitat restoration projects. (Regional Fisheries Enhancement Group Account-Nonappropriated, Regional Fisheries Enhancement Salmonid Recovery Account)

16. Governor's Salmon Team - Funding is eliminated for 2 Fish and Wildlife positions in the Governor's Salmon Recovery Office.

17. PHS Implementation - Funding is reduced for the Priority Habitats and Species system, delaying the development and dissemination of information.

18. Regional Salmon Recovery Planning - The Senate budget shifts regional salmon recovery planning grants from the Department to the Salmon Recovery Funding Board. In 2001, the Legislature appropriated \$1 million from the Water Quality Account to the Department for regional salmon recovery planning. With \$2 million in federal funds, the SRFB will be making grants for the same purpose. Having a single entity make these grants will improve the coordination of regional salmon recovery planning and coordination between salmon recovery planning under HB 2496 and watershed planning under HB 2514. (Water Quality Account)

19. ALEA Fish Management Reduction - Because of declining revenue, expenditures from the Aquatic Lands Enhancement Account will be reduced. The Senate budget reduces ALEA funding in the Fish Management Division. (Aquatic Lands Enhancement Account-State)

20. Coordinate Salmon Recovery Grants - The Senate budget eliminates funding for grants to lead entities from the state general fund. Funding for lead entities will be considered by the Salmon Recovery Funding Board.

21. Salmon Recovery Monitoring - Funding for salmon smolt production monitoring is eliminated and will be considered by the Salmon Recovery Funding Board.

22. Construction Crew Consolidation - Savings are taken from the consolidation of habitat engineering and construction crews, hatcheries maintenance crews and the business services construction crew.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Dept of Fish and Wildlife

23. Watershed Technical Assistance - Technical assistance is reduced for lead entities, Regional Fisheries Enhancement Groups and local watershed efforts working on salmon recovery activities.

24. SSHEAR Cost Recovery - Funding is reduced for SSHEAR and screen functions in the Environmental Restoration Division of the Habitat Program to reflect average funding over the last 4 biennia.

25. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

26. HPA Advisory Group - Funding is provide for the Department to assist the hydraulic project approval permit program technical advisory group.

27. JLARC Fish Program Review - The Joint Legislative Audit and Review Committee will conduct a review of the fish management division of the fish program.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Department of Natural Resources**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,592.0	72,975	283,216
2002 Policy Changes:			
1. Thea Foss Waterway Settlement	0.0	0	1,865
2. Natural Resource Conservation Areas	0.0	-175	0
3. Agricultural College Trust Lands	0.0	-1,436	-1,436
4. U.S. v. Washington (State Culverts)	0.0	0	310
5. Surface Mining Reclamation	0.0	0	-133
6. Efficiencies and Savings	-17.9	-1,129	-1,255
7. Regulatory Technical Assistance	-1.9	-138	-138
8. Forest Practices	0.0	-900	-900
9. Close Urban-Interface Campgrounds	-4.2	-340	-340
10. Fire Suppression Transfer	0.0	-3,504	-3,504
11. Derelict Vessel Removal	0.0	0	89
12. Fire Suppression	0.0	0	7,496
13. Correctional Camps Funding	0.0	0	774
14. Trust Land Management	0.0	0	-10,000
15. Aquatic Lands Enhancement Account	-7.6	0	-535
Total Policy Changes	-31.6	-7,622	-7,707
2001-03 Revised Appropriations	1,560.4	65,353	275,509

Comments:

1. Thea Foss Waterway Settlement - Funding is provided to partially resolve the Department of Natural Resources' Superfund liability for clean-up of contamination in the Thea Foss Waterway. (State Toxics Control Account)

2. Natural Resource Conservation Areas - Natural area program costs are temporarily shifted to the Natural Resources Conservation Areas Stewardship Account. Funding will continue educational programs and maintenance activities for natural resource conservation areas. (General Fund-State, Natural Resources Conservation Areas Stewardship Account)

3. Agricultural College Trust Lands - The Morrill Act prohibits the state from taking a management deduction from revenue generated from Agricultural School trust lands, which benefit Washington State University. From 1999 to 2001 costs to manage these lands were funded from the state general fund. The settlement between the Office of Financial Management and WSU regarding the state's management of the Agricultural School trust lands does not require the state pay the management costs. The Department is directed to sell 10% of the value of Agricultural School lands. Proceeds from the sale are to be deposited in the Agricultural Permanent Fund.

4. U.S. v. Washington (State Culverts) - The Senate budget provides funding for the state's role in the United States v. Washington (State Culverts) litigation. (Forest Development Account, Resource Management Cost Account)

5. Surface Mining Reclamation - Funding is reduced to bring appropriation authority in line with revenue from surface mining permits. The Department will reduce surface mining compliance activities. (Surface Mine Reclamation Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Department of Natural Resources

6. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

7. Regulatory Technical Assistance - A funding reduction postpones development of the small forest landowner data base. Funding is retained for the acquisition of riparian easements and the development of alternative plans.

8. Forest Practices - The Forest Practices Board's consideration of "reasonable use rules" will be delayed by one year. The upgrade of the Forest Practices Program's wetlands database is delayed one year.

9. Close Urban-Interface Campgrounds - Campgrounds in forest-urban interface areas will be closed. The Department will retain its focus in providing dispersed, trail-based recreational opportunity.

10. Fire Suppression Transfer - A portion of the funding for fire suppression in fiscal year 2003 is shifted to the fire contingency pool which is included in the special appropriations to the Governor section of the budget.

11. Derelict Vessel Removal - Funding is provided for the Department of Natural Resources' costs associated with implementation of SHB 2376 (derelict vessels). (Derelict Vessels Removal Account)

12. Fire Suppression - Funding is provided to pay for fire suppression costs during the 2001 fire season. The Department anticipates receiving \$7.496 million in Federal Emergency Management Assistance for some of these fires and additional funds from the U.S. Forest Service and other federal agencies for their share of the fire costs. Special appropriations to the Governor provide \$24,009,000 to the department for fire suppression costs. (General Fund-Federal)

13. Correctional Camps Funding - Inmate crews are necessary to maintain the Department's ability to respond to wildfires with cost-effective, trained resources. The Senate budget assumes that the Department will use at least \$387,000 of the 2001 fire protection enhancement of \$5.4 million GF-S. In addition, authority is provided from the Forest Development Account for crews to work on forest board land and from the General Fund-Local -- to enable crews to work on non-DNR lands and activities, and be reimbursed. These projects could include salmon recovery projects, private land reforestation, etc. (General Fund-Local, Forest Development Account)

14. Trust Land Management - The Department projects a revenue decrease caused by a decline in timber sales. Trust land management activities are reduced, including a reduction in agency administration and silvicultural thinning activities. (Resource Management Cost Account, Forest Development Account)

15. Aquatic Lands Enhancement Account - The Department will reduce agency overhead expenses for the Aquatic Lands Enhancement grant program because of a projected revenue decrease. (Aquatic Lands Enhancement Account-State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Agriculture
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	720.3	16,189	89,062
2002 Policy Changes:			
1. Fruit and Veg Inspection Account #	0.0	0	0
2. International Marketing	0.0	-700	0
3. Efficiencies and Savings	-3.4	-240	-307
4. Microbiological Data Program	1.8	0	360
5. Citrus Longhorned Beetle	0.0	0	1,500
6. Pesticide Surface Water Monitoring	0.0	0	490
Total Policy Changes	-1.6	-940	2,043
2001-03 Revised Appropriations	718.7	15,249	91,105

Comments:

1. Fruit and Veg Inspection Account # - Funding is provided to implement SSB 6254 (Fruit and Vegetable Account). Currently, revenue from fruit and vegetable inspections are deposited into one of three district bank accounts. The bill would move the deposit of program revenues from local district accounts to a new Fruit and Vegetable Inspection Account in the State Treasury that would be managed by the Department of Agriculture. (Agricultural Local Account-Nonappropriated, Horticultural Districts Account-Nonappropriated, Fruit and Vegetable Inspection Account--Nonappropriated)

2. International Marketing - In October 2001, the Department of Agriculture received \$10.1 million in unanticipated federal funds to promote agriculture and specialty crops. A portion of these funds will replace the 2001 enhancements for market development. (General Fund-Federal)

3. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

4. Microbiological Data Program - Funding is provided to collect data on pathogens and indicator organisms in food to be used by state and federal agencies for policy making, regulatory, and educational purposes. (General Fund Federal)

5. Citrus Longhorned Beetle - Funding is provided to survey for citrus longhorned beetle in Washington. In August 2001, imported maple trees at a Tukwila nursery were found to be infested with the Citrus Longhorned Beetle, a tree killing pest not known to occur in the United States. The Department of Agriculture will survey for infestation beginning in the fall of 2001 and treat or remove suspect trees during the winter and spring of 2002. (General Fund-Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Department of Agriculture

6. Pesticide Surface Water Monitoring - Funding is provided to contract with the United States Geological Survey and/or the Department of Ecology to sample and analyze surface waters for pesticide residues. Surface water sampling will be completed in basins that represent the various agricultural cropping patterns in Washington State and provide habitat for salmon. (State Toxics Control Account, General Fund Federal)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Washington State Patrol
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	499.7	29,956	69,929
Total Maintenance Changes	0.0	0	0
2002 Policy Changes:			
1. Public Safety and Education Account	-3.0	0	-418
2. Criminal History System Update	0.0	0	245
3. Disposition Backlog Elimination	12.0	0	538
4. Forensic Lab Improvements	9.5	0	1,096
5. FBI Records Reconciliation	1.0	0	53
6. Live-Scan/AFIS Support	0.0	0	296
7. Efficiencies and Savings	-2.0	-456	-456
8. Violence Reduction and Drug Account	0.0	0	-6
Total Policy Changes	17.5	-456	1,348
2001-03 Revised Appropriations	517.2	29,500	71,277

Comments:

1. Public Safety and Education Account - Due to a revenue shortfall in the Public Safety and Education Account, a 2.8 percent across-the-board reduction is made to all agencies funded from the account. (Public Safety and Education Account-State)

2. Criminal History System Update - During the 1999-01 Biennium, work was completed on the rewrite of the Washington State Identification System and the Washington Crime Information Center, now known as "W2." Funding is provided to support W2 system upgrades and changes to keep W2 current with local needs and to conform with federally initiated programming changes. (Fingerprint Identification Account)

3. Disposition Backlog Elimination - One-time funding is provided to continue the Criminal History Backlog Elimination project. This project, originally funded in the 2001-03 biennial budget, will eliminate court disposition and address fingerprint card processing backlogs at the Washington State Patrol's (WSP) Identification Section. This funding will allow the WSP to fully eliminate the backlog. (Fingerprint Identification Account)

4. Forensic Lab Improvements - The Washington State Patrol, in cooperation with the Forensics Investigation Council, the Washington Association of Sheriffs and Police Chiefs, and the Washington Association of Prosecuting Attorneys have developed a comprehensive improvement program to address deficiencies in the delivery of forensic services to Washington law enforcement agencies, cities, and counties. Funding is provided for a portion of the Forensic Laboratory Services Improvement Plan. Additionally, funding is provided for SSB 6473 (offender DNA database) which expands DNA databanking to additional felony offenders and certain misdemeanants. Funding for increases beyond these levels is subject to appropriation in future budgets. (Death Investigations Account, County Criminal Justice Assistance Account, Municipal Criminal Justice Assistance Account, Federal Drug Seizure Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Washington State Patrol

5. FBI Records Reconciliation - The Washington State Identification System automatically transmits criminal history information to the Federal Bureau of Investigation (FBI) Interstate Identification Index (III). For a number of reasons, the information does not always match, prompting a FBI produced variance report. The variance reports are checked at the state repository and corrections are made to synchronize the systems. The FBI requires this record reconciliation now and for future participation in national efforts, such as the National Fingerprint File. Funding is provided for costs associated with reconciling the discrepancies in state and federal information. (Fingerprint Identification Account)

6. Live-Scan/AFIS Support - In partnership with local agencies, the Washington State Patrol is implementing live-scan fingerprint technology throughout the state. As this technology is fully implemented, local law enforcement agencies will be able to electronically deliver fingerprints to the WSP's Automated Fingerprint Identification System (AFIS) while suspects are still in custody. The AFIS will then be able to search fingerprints in its database and return search results back to local agencies in a matter of minutes. Funds are provided to further implement live-scan technology and provide ongoing support to local agencies. (Fingerprint Identification Account)

7. Efficiencies and Savings - Funding is reduced due to staffing underexpenditures in FY 2002 and an assumed 3 percent administrative reduction in the General Fund-State portion of the the Support Services Bureau in FY 2003. In order to achieve this level of savings, the agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction. Unlike the across-the-board reduction applied to most state agencies, the State Patrol's Investigative and Field Operations Bureaus are excluded from on-going reduction.

8. Violence Reduction and Drug Account - Due to a revenue shortfall in the Violence Reduction and Drug Enforcement Account, a 2 percent across-the-board reduction is made to all agencies funded from the account. (Violence Reduction and Drug Enforcement Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Department of Licensing**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	245.5	10,766	34,565
Total Maintenance Changes	0.0	-51	-309
2002 Policy Changes:			
1. Intrusion Detection and Response	0.0	0	14
2. Efficiencies & Savings	0.0	-49	-49
3. Derelict Vessels #	0.0	0	86
Total Policy Changes	0.0	-49	51
2001-03 Revised Appropriations	245.5	10,666	34,307

Comments:

1. Intrusion Detection and Response - Funding is provided to increase the ability of the department to monitor and respond to Internet risks identified by the agency's Intrusion Detection System. (Professional Engineers Account, Real Estate Commission Account, Master License Account, Uniform Commercial Code Account, Highway Safety Account-State, Motor Vehicle Account, Department of Licensing Services Account)

2. Efficiencies & Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by Office of Financial Management (OFM) and the Department of Information Services. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use FY 2002 savings to offset the FY 2003 reduction.

3. Derelict Vessels # - Funding is provided for Department of Licensing's administrative costs associated with the implementation of SHB 2376 (derelict vessels), which imposes an additional fee on boat licenses to pay for the removal of derelict vessels on state waterways. (Derelict Vessels Removal Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Public Schools OSPI & Statewide Programs (Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	261.2	61,304	299,329
Total Maintenance Changes	0.0	62	-97,267
2002 Policy Changes:			
1. Efficiencies and Savings	-2.5	-489	-489
2. Transfer to State Flexible Ed. Fund	-3.4	-15,488	-15,488
3. Technology Task Force	0.0	92	92
Total Policy Changes	-5.9	-15,885	-15,885
2001-03 Revised Appropriations	255.3	45,481	186,177

Comments:

1. Efficiencies and Savings - Efficiencies and Savings- The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts.

The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction."

2. Transfer to State Flexible Ed. Fund - Within the budget for the Office of the Superintendent of Public Instruction is a category of programs called "Statewide Programs". These statewide programs consist of various special purpose grant and allocation subprograms. Most of these subprograms are moved to the newly created "State Flexible Education Fund" along with about 75 percent of the program amount. These amounts are combined with the current block grant program and some of the education reform programs to create a pool of flexible education funds.

The following statewide programs are transferred: Anti-bullying/Harassment Training; Cispus; Civil Liberties Education; Complex Needs; Educational Centers; Laser; Non-Violence Leadership Training; Nursing Support; Pacific Science Center; School Safety Allocation; Safety Center; School Safety Training; Teen Aware; Truancy; Vocational Student Organization; and World War II History Project.

3. Technology Task Force - Funds are provided for the formation of Technology Task Force to study the technology currently available in schools, the training in technology, how technology is currently funded and recommendations for the future. The task force consists of 20 members and the study is to be completed by November 1, 2002.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
General Apportionment
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	7,512,176	7,512,176
Total Maintenance Changes	0.0	78,318	78,318
2002 Policy Changes:			
1. Efficiencies and Savings	0.0	-63	-63
2. Pension Rate Change	0.0	-43,673	-43,673
3. Staff Mix Calculation Change	0.0	-15,892	-15,892
4. Learning Improvement Days	0.0	-29,810	-29,810
5. Transfer to State Flexible Ed. Fund	0.0	-500	-500
Total Policy Changes	0.0	-89,938	-89,938
2001-03 Revised Appropriations	0.0	7,500,556	7,500,556

Comments:

1. Efficiencies and Savings - Non-basic education K-12 programs are reduced 3 percent for fiscal year 2003. This reduction applies to summer skills center programs.

2. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

3. Staff Mix Calculation Change - Staff mix refers to the experience and education of a school district's certificated instructional staff. It is one of the components used to determine state funding in the apportionment and special education programs and adjusts state funding based on the profile of a school district's staff in these two programs. The Senate budget changes how staff mix is calculated by using the profile of all of a district's certificated instructional staff, not just those in the apportionment and special education programs. This change in the calculation method results in a lower staff mix which reduces the state's cost for funding this component.

4. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

5. Transfer to State Flexible Ed. Fund - Starting in fiscal year 2003, funds for the extended day school-to-work programs are transferred to the State Flexible Education Fund. The extended day program is funded at \$500,000 per year and provides up to \$500 per FTE student to provide assistance to attend skills centers after the normal school day.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Pupil Transportation
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	387,491	387,491
Total Maintenance Changes	0.0	-1,212	-1,212
2002 Policy Changes:			
1. Efficiencies and Savings	0.0	-24	-24
2. Pension Rate Change	0.0	-560	-560
Total Policy Changes	0.0	-584	-584
2001-03 Revised Appropriations	0.0	385,695	385,695

Comments:

1. Efficiencies and Savings - Non-basic education portions of the K-12 budget are reduced by 3 percent for fiscal year 2003. The reduction is applied to the transportation coordinators in this program.

2. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Public Schools Special Education (Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	1.5	839,908	1,096,000
Total Maintenance Changes	0.0	13,779	-907
2002 Policy Changes:			
1. Pension Rate Change	0.0	-4,818	-4,818
2. Staff Mix Calculation Change	0.0	-1,742	-1,742
3. Learning Improvement Days	0.0	-3,268	-3,268
4. Integrating Federal Funds	0.0	-15,001	0
Total Policy Changes	0.0	-24,829	-9,828
2001-03 Revised Appropriations	1.5	828,858	1,085,265

Comments:

1. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

2. Staff Mix Calculation Change - Staff mix refers to the experience and education of a school district's certificated instructional staff. It is one of the components used to determine state funding in the apportionment and special education programs and adjusts state funding based on the profile of a school district's staff in these two programs. The Senate budget changes how staff mix is calculated by using the profile of all of a district's certificated instructional staff, not just those in the apportionment and special education programs. This change in the calculation method results in a lower staff mix which reduces the state's cost for funding this component.

3. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

4. Integrating Federal Funds - The federal special education allocation to Washington will increase by \$24 million for the 2002-03 school year. The Senate budget incorporates a portion of the increase to fund the special education safety net and the increase in the maximum percentage of a district's enrollment funded under special education from the current 12.7 percent to 13.0 percent.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Traffic Safety Education
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	0.0	6,183	6,183
Total Maintenance Changes	0.0	377	377
2002 Policy Changes:			
1. Efficiencies and Savings	0.0	-69	-69
Total Policy Changes	0.0	-69	-69
2001-03 Revised Appropriations	0.0	6,491	6,491

Comments:

1. Efficiencies and Savings - The non-basic education portions of the K-12 budget are reduced by 3 percent for fiscal year 2003. This reduces the current subsidy of \$203.97 to \$197.85 per eligible student. Students receive the subsidy if they are eligible for free and reduced price lunch and complete a traffic safety education course in the public schools.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Educational Service Districts
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	9,536	9,536
2002 Policy Changes:			
1. Efficiencies and Savings	0.0	-156	-156
2. Pension Rate Change	0.0	-47	-47
3. Learning Improvement Days	0.0	-15	-15
Total Policy Changes	0.0	-218	-218
2001-03 Revised Appropriations	0.0	9,318	9,318

Comments:

1. Efficiencies and Savings - Non-basic education programs are reduced 3 percent for fiscal year 2003.

2. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

3. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Levy Equalization
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	284,644	284,644
Total Maintenance Changes	0.0	12,691	12,691
2002 Policy Changes:			
1. Levy Equalization Update	0.0	-3,659	-3,659
Total Policy Changes	0.0	-3,659	-3,659
2001-03 Revised Appropriations	0.0	293,676	293,676

Comments:

1. Levy Equalization Update - The various reductions in the K-12 budget for school year 2002-03 reduce the amount needed for levy equalization by \$3.7 million.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Elementary/Secondary School Improv
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	0	288,166
Total Maintenance Changes	0.0	0	-86,429
2001-03 Revised Appropriations	0.0	0	201,737

Comments:

The recently enacted federal "No Child Left Behind Act" replaces the Elementary and Secondary Improvement Act. The \$86.4 million change in this program is not due to a reduction in federal funds, but rather realignment of the federal funds to state programs with similar purposes, such as the learning assistance program, bilingual program and education reform program.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Institutional Education
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	38,248	46,796
Total Maintenance Changes	0.0	-232	-232
2002 Policy Changes:			
1. Pension Rate Change	0.0	-231	-231
2. Learning Improvement Days	0.0	-160	-160
Total Policy Changes	0.0	-391	-391
2001-03 Revised Appropriations	0.0	37,625	46,173

Comments:

1. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State)

2. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Ed of Highly Capable Students
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	12,840	12,840
Total Maintenance Changes	0.0	119	119
2002 Policy Changes:			
1. Efficiencies and Savings	0.0	-165	-165
2. Pension Rate Change	0.0	-75	-75
3. Learning Improvement Days	0.0	-55	-55
Total Policy Changes	0.0	-295	-295
2001-03 Revised Appropriations	0.0	12,664	12,664

Comments:

2. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Student Achievement Program
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	0	393,300
Total Maintenance Changes	0.0	0	-2,151
2001-03 Revised Appropriations	0.0	0	391,149

Comments:

The student achievement fund created by Initiative 728 requires that 50 percent of lottery revenues and \$140 per FTE student from state property taxes be placed in the fund for the 2001-02 and 2002-03 school years. Enrollment increases require an additional \$1.3 million diversion of state property taxes to this fund. This is offset by a reduction in the forecast for lottery revenues of \$3.5 million for FY 02.

The lower lottery revenues reduce the allocation per student from \$193.92 to \$190.19 for school year 2001-02 and from \$220.59 to \$219.84 for the 2002-03 school year.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Public Schools

Education Reform

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	37.7	72,245	75,478
Total Maintenance Changes	0.0	-48	3,810
2002 Policy Changes:			
1. Efficiencies and Savings	-0.3	-1,158	-1,158
2. Transfer to State Flexible Ed. Fund	-6.5	-10,036	-10,036
3. Improving Teacher Quality	0.0	0	46,553
4. Integrating Federal Funds	0.0	-2,000	5,427
Total Policy Changes	-6.8	-13,194	40,786
2001-03 Revised Appropriations	30.9	59,003	120,074

Comments:

1. Efficiencies and Savings - Non-basic education portions of the K-12 budget are reduced 3 percent. Excluded from the 3 percent reduction in this program are appropriations for the Washington assessments of student learning, meals for kids and funds for the 2nd grade test.

2. Transfer to State Flexible Ed. Fund - A "State Flexible Education Fund" is created and funds are transferred into the program from various sources including a portion of the Education Reform program. After a reduction of 25 percent, the funds are combined to create a flexible pool of funds for school districts.

The following Education Reform programs are transferred: Mathematics Helping Corps; Mentor/Beginning Teacher Assistance; Paraprofessional Training; Principal Assessment and Mentorships; State Leadership for School Improvement; and, Superintendent/Principal Internships.

3. Improving Teacher Quality - The recently enacted "No Child Left Behind Act" will provide \$44.2 million in federal funds allocated to school districts for improving teacher quality in the 2002-03 school year. Permissible uses of the funds include: Class size reduction in early grades; programs to assist schools in retaining and recruiting teachers; professional development activities for teachers, principals and paraprofessionals; and teacher mentoring. Prior to the 2002-03 school year, this same amount of federal funds was provided for class size reduction, grants to improve the teaching of science and school building renovation.

4. Integrating Federal Funds - Under the "No Child Left Behind Act" of 2002, Washington will receive \$7.4 million to create reading, math and science assessments for grades 3 through 8. The original budget assumption that \$3.0 million of federal funds would be available for this purpose is increased to \$5.0 million.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Public Schools

Transitional Bilingual Instruction

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	88,215	88,215
Total Maintenance Changes	0.0	132	20,412
2002 Policy Changes:			
1. Pension Rate Change	0.0	-675	-675
2. Learning Improvement Days	0.0	-498	-498
Total Policy Changes	0.0	-1,173	-1,173
2001-03 Revised Appropriations	0.0	87,174	107,454

Comments:

The maintenance level budget contains an increase of \$20.3 million in federal funds. Rather than being an increase, this is a realignment of federal funds which were previously appropriated in another section of the budget. The \$20.3 million consists of federal language acquisition state grants and migrant education funds provided under the "No Child Left Behind Act".

1. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

2. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Public Schools

Learning Assistance Program (LAP)

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	139,410	139,410
Total Maintenance Changes	0.0	2,661	127,850
2002 Policy Changes:			
1. Pension Rate Change	0.0	-605	-605
2. Learning Improvement Days	0.0	-362	-362
3. Integrating Federal Funds	0.0	-5,362	80
Total Policy Changes	0.0	-6,329	-887
2001-03 Revised Appropriations	0.0	135,742	266,373

Comments:

1. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

2. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

3. Integrating Federal Funds - The formula for allocation of learning assistance program funds is changed for the 2002-03 school year to incorporate increases in federal funds. Districts not receiving an increase of at least 3 percent in federal funds are held harmless.

This section contains an increase of \$130.6 million in federal funds. Rather than being an increase, this is a realignment of federal funds which were previously appropriated in another section of the budget. The \$130.6 million consists of federal Title I basic grants to school districts which under the "No Child Left Behind Act" are very similar in purpose to the state learning assistance program.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Block Grants
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	37,031	37,031
Total Maintenance Changes	0.0	366	366
2002 Policy Changes:			
1. Transfer to State Flexible Ed. Fund	0.0	-14,193	-14,193
Total Policy Changes	0.0	-14,193	-14,193
2001-03 Revised Appropriations	0.0	23,204	23,204

Comments:

1. Transfer to State Flexible Ed. Fund - Starting with the 2002-03 school year, \$14.1 million in block grant funds is transferred to the State Flexible Education Fund.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
State Flexible Education Funds
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	0	0
2002 Policy Changes:			
1. Transfer to State Flexible Ed. Fund	0.0	34,436	34,436
Total Policy Changes	0.0	34,436	34,436
2001-03 Revised Appropriations	0.0	34,436	34,436

Comments:

1. Transfer to State Flexible Ed. Fund - A State Flexible Education Funds program is created for the 2002-03 school year to be allocated at a rate of \$36 per full-time equivalent student. The fund was created from transfers of funds previously provided from various statewide grant programs, education reform programs and the block grant program. The amount transferred to this program is \$40.2 million and it is reduced by \$5.8 million, or 14.4 percent. School districts may prioritize use of the funds to improve student learning among all the various original purposes of the moneys. The moneys may not be used to increase salaries or compensation for existing teaching duties.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Compensation Adjustments
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	398,659	398,659
Total Maintenance Changes	0.0	19,310	19,310
2002 Policy Changes:			
1. Health Benefit Changes	0.0	-31,133	-31,133
2. Efficiencies and Savings	0.0	-10	-10
3. Pension Rate Change	0.0	-3,238	-3,238
4. Staff Mix Calculation Change	0.0	-1,303	-1,303
5. Learning Improvement Days	0.0	-2,522	-2,522
6. Integrating Federal Funds	0.0	-641	-450
Total Policy Changes	0.0	-38,847	-38,656
2001-03 Revised Appropriations	0.0	379,122	379,313

Comments:

1. Health Benefit Changes - The Senate budget provides \$455.27 per FTE staff for the 2001-02 and 2002-03 school years. The original budgeted amount for the 2002-03 school year was \$493.59 per month. (General Fund-State)

2. Efficiencies and Savings - The 3 percent reduction for non-basic education programs results in lower compensation increase costs in fiscal year 2003.

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) is reduced from 1.54% to 1.10%; the School Employees' Retirement System (SERS) employer contribution rates is reduced from 1.54% to 0.96%; the Teachers' Retirement System (TRS) employer rate is reduced from 2.75% to 1.05%; the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75%. (General Fund-State)

4. Staff Mix Calculation Change - Staff mix refers to the experience and education of a school district's certificated instructional staff. It is one of the components used to determine state funding in the apportionment and special education programs and adjusts state funding based on the profile of a school district's staff in these two programs. The Senate budget changes how staff mix is calculated by using the profile of all of a district's certificated instructional staff, not just those in the apportionment and special education programs. This change in the calculation method results in a lower staff mix which reduces the state's cost for funding this component and the amount of funds needed to provide the 2002-03 school year salary increase.

5. Learning Improvement Days - Due to the elimination of funding for the three learning improvement days in the Senate budget, the 3.6 percent salary increase required to be provided under Initiative 732 is calculated on a smaller salary base, reducing the cost of the salary increase by \$2.5 million.

6. Integrating Federal Funds - Integrating federal funds to fund a portion of the special education and learning assistance programs reduces the amount needed for general fund-state funded compensation increases by \$641,000.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Public Schools
Common School Construction
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	0	191,220
Total Maintenance Changes	0.0	0	-64
2001-03 Revised Appropriations	0.0	0	191,156

Comments:

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Higher Education Coordinating Board
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	73.4	264,603	279,692
Total Maintenance Changes	0.0	751	751
2002 Policy Changes:			
1. Efficiencies and Savings	-0.1	-120	-120
2. HECB Admin of Financial Aid	-0.2	-416	-416
3. State Need Grant	0.0	2,788	2,788
4. Promise Scholarships	0.0	-2,450	-2,450
Total Policy Changes	-0.3	-198	-198
2001-03 Revised Appropriations	73.1	265,156	280,245

Comments:

1. Efficiencies and Savings - The Board shall take actions to reduce spending on policy coordination and development activities by five percent.

2. HECB Admin of Financial Aid - An allowance for state-level administration of Financial Aid is reduced from the present, indirect rate of 2.1 percent of program appropriations to 1.8 percent beginning in fiscal year 2003.

3. State Need Grant - The State Need Grant program provides financial aid to low-income college students. Additional funds are provided to support 4,300 more students during this economic recession and to keep pace with tuition increases state universities and colleges may adopt under proposed limits for undergraduate study in the 2002-2003 academic year.

4. Promise Scholarships - Substitute House Bill 2807 as amended by the Senate changes both the academic and financial eligibility standards for the Promise Scholarship program. Beginning with the Class of 2002, two-year college scholarship go to those who graduate in the top 10 percent of their respective high school where the family's income is not greater than the median for Washington State. For a family of four in the 2001-02 academic year, that ceiling is \$61,100 a year, down from \$82,500 (or 135 percent of the state median). Savings are realized by awarding 1,911 fewer grants (\$1,356 on average) than anticipated in the original budget for 2002-03. Congress increased federal tax credits to help citizens pay for college and this national action may help those affected by action to downsize and refocus the program.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
University of Washington
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	18,281.3	707,088	2,952,973
2002 Policy Changes:			
1. Health Benefits Changes	0.0	-1,150	-1,164
2. Operating Cost Reduction	-202.4	-20,834	-13,210
3. Pension Rate Change	0.0	-353	-358
4. No 2nd Year COLA	0.0	-7,855	-7,855
5. Eliminate NonResident Subsidy	-70.0	-7,209	-7,209
6. Charge Full Tuition at 9 Credit Hrs	0.0	-598	0
Total Policy Changes	-272.4	-37,999	-29,796
2001-03 Revised Appropriations	18,008.9	669,089	2,923,177

Comments:

1. Health Benefits Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs, consistent with the national average among all very large employers (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down. (General Fund-State, Accident Account, Medical Aid Account)

2. Operating Cost Reduction - General fund appropriations for fiscal year 2003 are reduced by 5.8 percent. In consideration of reduced general fund support, state universities and colleges may serve fewer full-time equivalent student enrollments than assumed in the original budget and listed under section 602 of the Act. (General Fund-State; Institutions of Higher Education-Operating Fees Account, Non-Appropriated)

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782. (General Fund-State, Death Investigations Account, Accident Account, Medical Aid Account)

4. No 2nd Year COLA - No further cost of living adjustments are funded by the Senate, except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

5. Eliminate NonResident Subsidy - Instructional costs have risen faster than tuition, particularly the sums charged today to educate graduate students. It is not unique to Washington that public education is priced below cost. It helps attract promising scholars into the state teaching and research enterprise. The Senate proposes to appropriate funds to the University of Washington but not at levels that subsidize graduate education for non-residents by \$7,448 as reported by HECB for 2002. Budgeted funds for fiscal year 2003 are adjusted accordingly. Less than the full reduction (76%) is credited to the General Fund recognizing that UW is priced more than a thousand dollars above its peers for nonresident, graduate education.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
University of Washington

6. Charge Full Tuition at 9 Credit Hrs - Savings are realized by assuming state colleges and universities charge the full tuition rate of students who register for 9 credits--the equivalent of three, 3-credit classes a term. (General Fund-State; Institutions of Higher Education-Operating Fees Account-Non Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Washington State University
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	5,618.7	411,355	833,510
2002 Policy Changes:			
1. Health Benefits Changes	0.0	-648	-648
2. Operating Cost Reduction	-112.8	-10,853	-6,180
3. Pension Rate Change	0.0	-274	-274
4. No 2nd Year COLA	0.0	-4,767	-4,767
5. Eliminate NonResident Subsidy	-19.9	-1,933	-1,933
6. Charge Full Tuition at 9 Credit Hrs	0.0	-1,058	0
Total Policy Changes	-132.7	-19,533	-13,802
2001-03 Revised Appropriations	5,486.0	391,822	819,708

Comments:

1. Health Benefits Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs, consistent with the national average among all very large employers (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down.

2. Operating Cost Reduction - General fund appropriations for fiscal year 2003 are reduced by 5.2 percent. In consideration of reduced general fund support, state universities and colleges may serve fewer full-time equivalent student enrollments than assumed in the original budget and listed under section 602 of the Act. (General Fund-State; Institutions of Higher Education-Operating Fees Account, Non-Appropriated)

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782.

4. No 2nd Year COLA - No further cost of living adjustments are funded by the Senate, except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

5. Eliminate NonResident Subsidy - Instructional costs have risen faster than tuition, particularly the sums charged today to educate graduate students. It is not unique to Washington that public education is priced below cost. It helps attract promising scholars into the state teaching and research enterprise. The Senate proposes to appropriate funds to Washington State University but not at levels that subsidize graduate education for non-residents by \$3,438 as reported by HECB for 2002. Budgeted funds for fiscal year 2003 are adjusted accordingly. Less than the full reduction (76%) is credited to the General Fund recognizing that WSU is presently priced more than a thousand dollars above its peers for nonresident, graduate education.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Washington State University

6. Charge Full Tuition at 9 Credit Hrs - Savings are realized by assuming state colleges and universities charge the full tuition rate of students who register for 9 credits--the equivalent of three, 3-credit classes a term. (General Fund-State; Institutions of Higher Education-Operating Fees Account-Non Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Eastern Washington University
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,172.2	92,914	166,402
2002 Policy Changes:			
1. Health Benefits Changes	0.0	-166	-166
2. Operating Cost Reduction	-31.8	-2,542	-1,703
3. Pension Rate Change	0.0	-73	-73
4. No 2nd Year COLA	0.0	-1,065	-1,065
5. Charge Full Tuition at 9 Credit Hrs	0.0	-233	0
Total Policy Changes	-31.8	-4,079	-3,007
2001-03 Revised Appropriations	1,140.4	88,835	163,395

Comments:

1. Health Benefits Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs, consistent with the national average among all very large employers (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down.

2. Operating Cost Reduction - General fund appropriations for fiscal year 2003 are reduced by 5.4 percent. In consideration of reduced general fund support, state universities and colleges may serve fewer full-time equivalent student enrollments than assumed in the original budget and listed under section 602 of the Act. (General Fund-State; Institutions of Higher Education-Operating Fees Account, Non-Appropriated)

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782.

4. No 2nd Year COLA - No further cost of living adjustments are funded by the Senate, except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

5. Charge Full Tuition at 9 Credit Hrs - Savings are realized by assuming state colleges and universities charge the full tuition rate of students who register for 9 credits--the equivalent of three, 3-credit classes a term (General Fund-State; Institutions of Higher Education-Operating Fees Account-Non Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Central Washington University
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,062.1	89,140	178,717
2002 Policy Changes:			
1. Health Benefits Changes	0.0	-180	-180
2. Operating Cost Reduction	-22.9	-2,161	-1,382
3. Pension Rate Change	0.0	-85	-85
4. No 2nd Year COLA	0.0	-1,054	-1,054
5. Charge Full Tuition at 9 Credit Hrs	0.0	-218	0
Total Policy Changes	-22.9	-3,698	-2,701
2001-03 Revised Appropriations	1,039.2	85,442	176,016

Comments:

1. Health Benefits Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs, consistent with the national average among all very large employers (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down.

2. Operating Cost Reduction - General fund appropriations for fiscal year 2003 are reduced by 4.8 percent. In consideration of reduced general fund support, state universities and colleges may serve fewer full-time equivalent student enrollments than assumed in the original budget and listed under section 602 of the Act. (General Fund-State; Institutions of Higher Education-Operating Fees Account, Non-Appropriated)

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782.

4. No 2nd Year COLA - No further cost of living adjustments are funded by the Senate, except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

5. Charge Full Tuition at 9 Credit Hrs - Savings are realized by assuming state colleges and universities charge the full tuition rate of students who register for 9 credits--the equivalent of three, 3-credit classes a term (General Fund-State; Institutions of Higher Education-Operating Fees Account-Non Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**The Evergreen State College**

(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	645.8	51,594	90,905
2002 Policy Changes:			
1. Health Benefits Changes	0.0	-97	-97
2. Operating Cost Reduction	-16.6	-1,539	-898
3. Pension Rate Change	0.0	-44	-44
4. WSIPP State Library Study	0.0	35	35
5. WSIPP Branch Campuses Study	0.0	86	86
6. WSIPP Youth Intervention Study	0.0	40	40
7. No 2nd Year COLA	0.0	-636	-636
8. Charge Full Tuition at 9 Credit Hrs	0.0	-172	0
Total Policy Changes	-16.6	-2,327	-1,514
2001-03 Revised Appropriations	629.2	49,267	89,391

Comments:

1. Health Benefits Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs, consistent with the national average among all very large employers (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down.

2. Operating Cost Reduction - General fund appropriations for fiscal year 2003 are reduced by 5.9 percent. In consideration of reduced general fund support, state universities and colleges may serve fewer full-time equivalent student enrollments than assumed in the original budget and listed under section 602 of the Act. (General Fund-State; Institutions of Higher Education-Operating Fees Account, Non-Appropriated)

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782.

4. WSIPP State Library Study - Funding is provided for the Institute for Public Policy to review options to eliminate, distribute or retain current State Library functions and to develop implementation plans. A report delineating necessary steps and expected timelines shall be prepared by the Institute, in consultation with the Office of Financial Management, and submitted to the Legislature by November 15, 2002.

5. WSIPP Branch Campuses Study - Funding is provided for the Institute for Public Policy to review and evaluate the mission of research university branch campuses pursuant to Substitute Senate Bill 6626. A report shall be submitted to the Legislature by December 12, 2002.

6. WSIPP Youth Intervention Study - Funding is provided for the Institute for Public Policy to conduct research on at-risk youth programs. A report shall be submitted to the Legislature by December 15, 2002.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
The Evergreen State College

7. No 2nd Year COLA - No further cost of living adjustments are funded by the Senate, except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

8. Charge Full Tuition at 9 Credit Hrs - Savings are realized by assuming state colleges and universities charge the full tuition rate of students who register for 9 credits--the equivalent of three, 3-credit classes a term (General Fund-State; Institutions of Higher Education-Operating Fees Account-Non Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Spokane Intercol Rsch & Tech Inst
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	19.5	3,000	4,327
2002 Policy Changes:			
1. Efficiencies and Savings	-0.4	-45	-45
2. Pension Rate Change	0.0	-4	-4
Total Policy Changes	-0.4	-49	-49
2001-03 Revised Appropriations	19.1	2,951	4,278

Comments:

1. Efficiencies and Savings - The Institute shall take actions to reduce spending by 3 percent.

2. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Western Washington University
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	1,580.4	122,636	240,406
2002 Policy Changes:			
1. Health Benefits Changes	0.0	-204	-204
2. Operating Cost Reduction	-40.2	-3,362	-2,191
3. Pension Rate Change	0.0	-115	-115
4. No 2nd Year COLA	0.0	-1,473	-1,473
5. Charge Full Tuition at 9 Credit Hrs	0.0	-242	0
Total Policy Changes	-40.2	-5,396	-3,983
2001-03 Revised Appropriations	1,540.2	117,240	236,423

Comments:

1. Health Benefits Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs, consistent with the national average among all very large employers (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down.

2. Operating Cost Reduction - General fund appropriations for fiscal year 2003 are reduced by 5.4 percent. In consideration of reduced general fund support, state universities and colleges may serve fewer full-time equivalent student enrollments than assumed in the original budget and listed under section 602 of the Act. (General Fund-State; Institutions of Higher Education-Operating Fees Account, Non-Appropriated)

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782.

4. No 2nd Year COLA - No further cost of living adjustments are funded by the Senate, except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

5. Charge Full Tuition at 9 Credit Hrs - Savings are realized by assuming state colleges and universities charge the full tuition rate of students who register for 9 credits--the equivalent of three, 3-credit classes a term (General Fund-State; Institutions of Higher Education-Operating Fees Account-Non Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Community/Technical College System
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	14,022.6	1,058,130	1,755,794
Total Maintenance Changes	0.0	1,357	1,357
2002 Policy Changes:			
1. Health Benefits Changes	0.0	-1,905	-1,905
2. Operating Cost Reduction	-434.5	-21,701	-20,461
3. Pension Rate Change	0.0	-1,295	-1,295
4. Expand Worker Retraining Program	84.6	3,400	6,000
5. No 2nd Year COLA	0.0	-4,644	-4,644
6. No 2nd Year Increments	0.0	-1,190	-1,190
7. Mader Settlement	0.0	7,000	12,000
8. Charge Full Tuition at 9 Credit Hrs	0.0	-4,542	0
Total Policy Changes	-349.9	-24,877	-11,495
2001-03 Revised Appropriations	13,672.7	1,034,610	1,745,656

Comments:

1. Health Benefits Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs, consistent with the national average among all very large employers (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down.

2. Operating Cost Reduction - General fund appropriations for fiscal year 2003 are reduced by 4.0 percent. In consideration of reduced general fund support, state universities and colleges may serve fewer full-time equivalent student enrollments than assumed in the original budget and listed under section 602 of the Act. (General Fund-State; Institutions of Higher Education-Operating Fees Account, Non-Appropriated)

3. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and, the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided by House Bill 2782.

4. Expand Worker Retraining Program - In response to increased layoffs during the present economic downturn, 1,000 full-time equivalent (FTE) enrollments are added on a one-time basis for worker retraining efforts by the colleges. Funding is provided at \$6,000 per student: \$4,700 for instruction and \$1,300 for financial aid. (General Fund-State; Administrative Contingency Account-State)

5. No 2nd Year COLA - No further cost of living adjustments are funded by the Senate, except for those higher education employees eligible under Initiative 732. The original budget had included general funds sufficient to fund a 2.6 percent increase on July 1, 2002. A reduction is taken to reflect this change.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Community/Technical College System

6. No 2nd Year Increments - No further increments are assumed for faculty during the remainder of the biennium. A reduction is taken in fiscal year 2003 to reflect this change.

7. Mader Settlement - Provides for the settlement of a lawsuit involving retirement contributions for part-time instructors employed by State colleges. (General Fund-State; College Faculty Awards Trust Account; Higher Education Dedicated Local Account)

8. Charge Full Tuition at 9 Credit Hrs - Savings are realized by assuming state colleges and universities charge the full tuition rate of students who register for 9 credits--the equivalent of three, 3-credit classes a term (General Fund-State; Institutions of Higher Education-Operating Fees Account-Non Appropriated)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State School for the Blind
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	78.5	9,111	10,284
Total Maintenance Changes	0.0	5	5
2002 Policy Changes:			
1. Regional Services	0.0	0	81
2. Replacement Bus	0.0	65	65
3. FTE Transfer	3.0	0	0
4. Learning Improvement Days	0.0	-24	-24
5. Efficiencies and Savings	-2.0	-138	-138
Total Policy Changes	1.0	-97	-16
2001-03 Revised Appropriations	79.5	9,019	10,273

Comments:

1. Regional Services - Funding is provided for increased regional services to school districts for itinerant teachers, orientation and mobility specialists. Services are provided on a fee for service basis. (General Fund-Private/Local)

2. Replacement Bus - One-time funding is provided for a special education bus to transport students. The current bus used to transport students does not meet school bus safety standards for transporting disabled students.

3. FTE Transfer - Three FTEs are transferred from the Washington School for the Deaf (WSD) to the Washington State School for the Blind (WSSB) to establish independent business offices. The Schools currently operate a business office and food services under a consolidated services arrangement. These services and FTEs are housed at the WSD, while the funding for these positions comes from a combination of WSD funding and an interagency agreement with WSSB. The FTE transfer does not produce a net change in the fiscal year 2003 appropriation for either school.

4. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

5. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State School for the Deaf
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	129.0	14,834	15,066
Total Maintenance Changes	0.0	7	7
2002 Policy Changes:			
1. Bus Replacement	0.0	65	65
2. FTE Transfer	-3.0	0	0
3. Safety Initiatives	6.0	250	250
4. Learning Improvement Days	0.0	-30	-30
5. Efficiencies and Savings	-4.0	-267	-267
Total Policy Changes	-1.0	18	18
2001-03 Revised Appropriations	128.0	14,859	15,091

Comments:

1. Bus Replacement - One-time funding is provided for a special education bus to transport students. The current bus used to transport students does not meet school bus safety standards for transporting disabled students.

2. FTE Transfer - Three FTEs are transferred from the Washington School for the Deaf (WSD) to the Washington State School for the Blind (WSSB) to establish independent business offices. The Schools currently operate a business office and food services under a consolidated services arrangement. These services and FTEs are housed at the WSD, while the funding for these positions comes from a combination of WSD funding and an interagency agreement with WSSB. The FTE transfer does not produce a net change in the fiscal year 2003 appropriation for either school.

3. Safety Initiatives - Funding is provided to implement the remaining actions contained in the Residential Program Evaluation requested by the Governor in 2001. The School has implemented new behavioral policies and procedures for students and staff, developed a communication plan and conducted initial behavioral awareness training for students and staff within current resources. The School will add two residential deans, three residential student life counselors, one bus monitor to increase student oversight, hold monthly academic and residential staff meetings and implement a "train the trainer" program to build staff skills to deal with deaf children who present at-risk behaviors.

4. Learning Improvement Days - Since 1993, the legislature has provided funding for student learning improvement days to implement education reform. The allocation of funds for this has changed over the years. The latest change was in 1999 when the legislature added three learning improvement days to the state salary allocation schedule for certificated instructional staff. The three extra days are added to the 180 day school year, and for teachers who work the extra three days, the state provides an additional 1.64 percent of salary. Effective in the 2002-03 school year, the Senate budget eliminates funding for the three extra days.

5. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Work Force Trng & Educ Coord Board
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	24.0	3,482	48,968
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-0.1</u>	<u>-87</u>	<u>-87</u>
Total Policy Changes	-0.1	-87	-87
2001-03 Revised Appropriations	23.9	3,395	48,881

Comments:

- 1. Efficiencies and Savings** - The Board shall take actions to reduce spending by five percent.

2001-03 Revised Omnibus Operating Budget (2002 Supp)**State Library**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	136.6	17,577	24,553
2002 Policy Changes:			
1. Administrative Reduction	-4.0	-264	-264
Total Policy Changes	-4.0	-264	-264
2001-03 Revised Appropriations	132.6	17,313	24,289

Comments:

1. Administrative Reduction - The State Library will reduce its fiscal year 2003 administrative budget by three percent of Maintenance Level. The reductions shall not include grants to support the Washington Talking Book and Braille Library.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Washington State Arts Commission
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	18.6	5,747	6,747
2002 Policy Changes:			
1. Efficiencies and Savings	-0.5	-86	-86
2. TumbleWords Program	0.0	0	3
Total Policy Changes	-0.5	-86	-83
2001-03 Revised Appropriations	18.1	5,661	6,664

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2. TumbleWords Program - Spending authority is provided for the TumbleWords readings and residencies program. One-time funds are provided by the Western States Arts Federation. (General Fund-Private/Local)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Washington State Historical Society
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	55.6	6,028	7,588
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-2.0</u>	<u>-94</u>	<u>-94</u>
Total Policy Changes	-2.0	-94	-94
2001-03 Revised Appropriations	53.6	5,934	7,494

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
East Wash State Historical Society
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	25.4	3,209	3,209
2002 Policy Changes:			
1. Efficiencies and Savings	<u>-1.0</u>	<u>-46</u>	<u>-46</u>
Total Policy Changes	-1.0	-46	-46
2001-03 Revised Appropriations	24.4	3,163	3,163

Comments:

1. Efficiencies and Savings - The agency shall take actions consistent with their mission, goals, and objectives to reduce operating costs. The agency should give strong consideration to the Best Practice proposals put forth by OFM and DIS. Such action, to the extent possible, should maintain client services and state revenues. Actions may also include hiring freezes, employee furloughs both voluntary and mandatory, restricted travel and training, and reduced equipment and personal service contracts. The agency, with OFM approval, can use fiscal year 2002 savings to offset the fiscal year 2003 reduction.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Bond Retirement and Interest
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	1,248,770	1,445,279
Total Maintenance Changes	0.0	0	-15,039
2002 Policy Changes:			
1. Education Construction Debt	0.0	0	19,825
2. Reduction of GF-S Debt Service	0.0	-2,000	-2,000
Total Policy Changes	0.0	-2,000	17,825
2001-03 Revised Appropriations	0.0	1,246,770	1,448,065

Comments:

1. Education Construction Debt - These are new projected debt service costs for bonds to be issued in the new Educational Capital Construction Account in Fiscal Year 2003.

2. Reduction of GF-S Debt Service - The General Fund-State debt service expenses are reduced because of the decrease in bonds in the State Building Construction Account.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Special Approps to the Governor
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	0.0	179,406	244,170
2002 Policy Changes:			
1. DCTED-County Corporation Assist	0.0	-25,138	-25,138
2. DCTED-Municipal Corporation Assist	0.0	-47,252	-47,252
3. Fire Contingency Initiative	0.0	0	32,983
4. Fire Suppression Transfer	0.0	0	3,504
5. Liability Account	0.0	25,000	25,000
6. Adjust K20 Network Fund Balance	0.0	-8,900	-8,900
7. Reduce Technology Pool Funding	0.0	-1,000	-1,000
8. State Employee Travel Reduction	0.0	-3,000	-3,000
9. State Agency Equipment Reduction	0.0	-2,300	-2,300
10. Agency Administrative Contingencies	0.0	1,500	1,500
11. Extraordinary Criminal Justice Cost	0.0	394	394
12. Small County Assistance	0.0	2,670	2,670
13. Revolving Fund Reduction	0.0	-1,654	-1,654
14. Municipal Assistance	0.0	10,000	10,000
Total Policy Changes	0.0	-49,680	-13,193
2001-03 Revised Appropriations	0.0	129,726	230,977

Comments:

1. DCTED-County Corporation Assist - Due to budgetary constraints, funding assistance to city and county governments to address the revenue shortfall resulting from the passage of Initiative 695 is eliminated, except for assistance for small counties. (General Fund-State)

2. DCTED-Municipal Corporation Assist - Due to budgetary constraints, funding assistance to city and county governments to address the revenue shortfall resulting from the passage of Initiative 695 is eliminated. (General Fund-State)

3. Fire Contingency Initiative - An additional \$33 million is provided for costs associated with the 2001 fire season and replenishing the fire contingency pool for future fires. This funding, combined with the \$3 million provided in the original 2001-03 budget, will fund the following costs: (1) \$24.2 million for the Department of Natural Resources' and other natural resource agencies' costs in fire suppression activities; (2) \$7.8 million for fire mobilizations coordinated by the Military Department; and (3) \$4 million as a contingency fire mobilization and suppression activities in the future. (Disaster Response Account-State)

4. Fire Suppression Transfer - A portion of the FY 2003 fire suppression funding for the Department of Natural Resources is shifted from the General Fund--State to the Disaster Response Account. (Disaster Response Account)

5. Liability Account - Recent increases in tort claims require additional funding to maintain a sufficient reserve in the Liability Account that funds the statewide Self Insurance Liability program. General Fund-State dollars are necessary for tort claims arising primarily from activities in the departments of Social and Health Services and Corrections.

2001-03 Revised Omnibus Operating Budget (2002 Supp)

Special Approps to the Governor

6. Adjust K20 Network Fund Balance - Current appropriations to the Education Technology Revolving Fund are in excess of what is required to fund the K-20 network for legislatively authorized subsidized network subscribers. At the beginning of the current biennium, the fund balance was \$11 million. With current appropriations and current subscription fees, and current projections of costs to maintain and operate the network for currently authorized subsidized network subscribers, that balance is projected to increase to \$15.7 million. This would provide a fund balance that was 115 percent of annual revenue. This adjustment reduces that ending fund balance to 50 percent of annual revenue. (General Fund--State)

7. Reduce Technology Pool Funding - Current appropriations provide \$7.5 million for various information technology projects. This adjustment reduces \$1 million from that appropriation, and can be achieved by canceling projects that have not yet started or by scaling back existing projects. As stated in the original appropriation, remaining funded projects shall not move forward unless they meet the requirement that there will be no net increase in ongoing operating costs resulting from the project. (General Fund--State)

8. State Employee Travel Reduction - State agency expenditures are reduced to reflect the elimination of nonessential travel by state employees and officials. (General Fund--State)

9. State Agency Equipment Reduction - State agency expenditures for equipment purchases are reduced. (General Fund--State)

10. Agency Administrative Contingencies - Funds are provided to the governor for providing assistance to state agencies that are unable to effectively absorb the administrative, travel, and equipment reductions and efficiency savings enacted in this 2002 supplemental appropriations act. (General Fund--State)

11. Extraordinary Criminal Justice Cost - Funding is provided for assistance to Franklin and Stevens counties for extraordinary criminal justice costs incurred in the adjudication of aggravated homicide cases. (General Fund--State)

12. Small County Assistance - Emergency funding is provided for those counties with relatively small tax bases: Asotin, Columbia, Ferry, Garfield, Lincoln, Pend Oreille, Skamania, and Wahkiakum Counties.

13. Revolving Fund Reduction - Appropriations from revolving funds are reduced for administrative efficiencies and savings. This item reflects the proportionate share of General Fund savings (41 percent) from these reductions. (General Fund--State)

14. Municipal Assistance - Funding is provided to provide assistance to cities most affected by the loss of revenue resulting from Initiative 695 (the repeal of the motor vehicle excise tax). (General Fund--State)

2001-03 Revised Omnibus Operating Budget (2002 Supp)**Sundry Claims**

(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	0	0
Total Maintenance Changes	0.0	274	279
2001-03 Revised Appropriations	0.0	274	279

Comments:

2001-03 Revised Omnibus Operating Budget (2002 Supp)
State Employee Compensation Adjust
(Dollars in Thousands)

	ESSB 6387 as Passed Senate		
	FTE-FY2	GF-S	Total
2001-03 Original Appropriations	0.0	138,099	277,302
2002 Policy Changes:			
1. Health Benefit Changes	0.0	-5,144	-10,086
2. Pension Rate Change	0.0	-6,137	-12,217
3. State Employee Salary Increase	0.0	-28,889	-65,596
4. Salary Reclass Implementation	0.0	14	88
Total Policy Changes	0.0	-40,156	-87,811
2001-03 Revised Appropriations	0.0	97,943	189,491

Comments:

1. Health Benefit Changes - The Senate budget anticipates that the following measures to reduce health benefit costs will be implemented in Calendar Year 2003: (1) managed care office visit co-payments will be increased from \$10 to \$15 (rather than to \$20 as proposed by the Governor); (2) co-insurance coverage under the Uniform Medical Plan will be reduced from 90 percent of allowed charges to 85 percent; (3) employees will be required to pay an average of 12.6 percent of their medical premium costs (rather than an average of 21.7 percent, as proposed by the Governor); (4) changes will be made sufficient to reduce prescription drug benefit costs by 10 percent (rather than by 15 percent as proposed by the Governor); and (5) various administrative reserves maintained by the Health Care Authority are spent down. (General Fund-State, General Fund-Federal, General Fund-Private/Local, and Salary and Insurance Increase Revolving Account)

2. Pension Rate Change - Employer and employee contribution rates are changed based on the 1995-2000 experience study and 2000 actuarial valuation of the retirement systems. Effective April 1, 2002, the Public Employees' Retirement System (PERS) employer contribution rate is reduced from 1.54% to 1.10% and the Teachers' Retirement System (TRS) employer contribution rate is reduced from 2.75% to 1.05% as provided in HB 2782. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Special Account Retirement Contribution Increase Revolving Account)

3. State Employee Salary Increase - Funding is eliminated for a second year cost-of-living adjustment (COLA) for all state classified employees and exempt personnel. (General Fund-State, General Fund-Federal, General Fund-Private/Local, Salary and Insurance Increase Revolving Fund)

4. Salary Reclass Implementation - Funding is provided for technical corrections to the FY 2002 budget, for (1) overlooked positions eligible for increases through the actions of the Personnel Resources Board, and (2) state employee cost of living adjustments. (General Fund-State, Salary and Insurance Increase Revolving Account)

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Contributions to Retirement Systems
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	44,720	44,720
2002 Policy Changes:			
1. Pension Contributions	0.0	-575	-575
Total Policy Changes	0.0	-575	-575
2001-03 Revised Appropriations	0.0	44,145	44,145

Comments:

1. Pension Contributions - Effective April 1, 2002, the basic state contribution rate for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2 is reduced from 1.80% to 1.75% based on the 1995-2000 experience study and 2000 actuarial valuation of the state retirement systems, as provided in HB 2782.

2001-03 Revised Omnibus Operating Budget (2002 Supp)
Other Legislation
(Dollars in Thousands)

	FTE-FY2	ESSB 6387 as Passed Senate GF-S	Total
2001-03 Original Appropriations	0.0	100	25,100
2002 Policy Changes:			
1. SB 5694 Mobile Home Park Managers	0.0	35	35
Total Policy Changes	0.0	35	35
2001-03 Revised Appropriations	0.0	135	25,135

Comments: